By Mr. GRAY: A bill (H.R. 5908) to repeal an act entitled "An act to maintain the credit of the United States Government"; to the Committee on Expenditures in the Executive Departments.

By Mr. MITCHELL: A bill (H.R. 5909) to transfer Bedford County from the Nashville division to the Winchester division of the middle Tennessee judicial district; to the Committee on the Judiciary.

By Mr. WILSON: A bill (H.R. 5910) to amend the act entitled "An act for the control of floods on the Mississippi River and its tributaries, and for other purposes", approved May 15, 1928, as amended; to the Committee on Flood Control.

By Mr. HOWARD (by departmental request): A bill (H.R. 5911) to authorize the Secretary of the Interior to cancel restricted fee patents and issue trust patents in lieu thereof; to the Committee on Indian Affairs.

Also (by departmental request), a bill (H.R. 5912) for the benefit of Navajo Indians in New Mexico; to the Committee on Indian Affairs.

By Mr. HARLAN: A bill (H.R. 5913) to amend the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

By Mr. SUMNERS of Texas: Resolution (H.Res. 172) authorizing the payment of expenses for conducting the investigation authorized by House Resolution 163; to the Committee on Accounts.

By Mr. ROBERTSON: Resolution (H.Res. 173) to create a committee on wild life; to the Committee on Rules.

By Mr. KOPPLEMANN: Resolution (H.Res. 174) to investigate the expediency of a gross-income tax as a substitute for the net-income tax, and for other purposes; to the Committee on Rules.

By Mr. MITCHELL: Joint resolution (H.J.Res. 194) to provide for the designation of a highway from Sault Ste. Marie, Mich., to Fort Myers, Fla., as a memorial to the late President and Chief Justice William Howard Taft; to the Committee on Roads.

By Mr. KNIFFIN: Joint resolution (H.J.Res. 195) to provide for the designation of a highway from Sault Ste. Marie, Mich., to Fort Myers, Fla., as a memorial to the late President and Chief Justice William Howard Taft; to the Committee on Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of California: A bill (H.R. 5914) for the relief of Paul Alawishes Traynor; to the Committee on Naval Affairs.

Also, a bill (H.R. 5915) granting a pension to Laura B. Perley; to the Committee on Invalid Pensions.

By Mr. DOUGHTON: A bill (H.R. 5916) to authorize the Secretary of the Treasury to execute an agreement of indemnity to the First Granite National Bank, Augusta, Maine; to the Committee on World War Veterans' Legislation.

By Mr. GILLETTE: A bill (H.R. 5917) for the relief of E. E. Heldridge; to the Committee on Claims.

By Mr. KOPPLEMANN: A bill (H.R. 5918) for the relief of John S. Carroll; to the Committee on Naval Affairs.

By Mr. LUDLOW: A bill (H.R. 5919) granting an increase of pension to Susan M. Griffin; to the Committee on Invalid Pensions.

By Mr. MOTT: A bill (H.R. 5920) granting a pension to Matilda E. A. Hornback; to the Committee on Invalid Pensions.

Also, a bill (H.R. 5921) for the relief of the heirs of Hugh L. P. Chiene; to the Committee on Claims.

By Mr. WEST of Ohio: A bill (H.R. 5922) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Mary Squires; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1273. By Mr. ANDREWS of New York: Petition of Erie County (N.Y.) American Legion, giving the President power of universal draft in time of war; to the Committee on Foreign Affairs.

1274. By Mr. DEROUEN: Petition of F. J. West and others, citizens of Jennings, La., urgently requesting the passage of Senate bill 1142, by Mr. SHEPPARD, at this session of Congress; to the Committee on Agriculture.

1275. By Mr. JOHNSON of Minnesota: Petition of certain citizens of Zumbrota, Minn., urging the passage of House bill 4940; to the Committee on the Post Office and Post Roads.

1276. By Mr. RUDD: Petition of Chamber of Commerce of the State of New York, favoring the passage of the bankruptcy bill, H.R. 5009; to the Committee on the Judiciary.

1277. Also, petition of the Chamber of Commerce of the State of New York, favoring a sales tax as a revenue for national industrial recovery; to the Committee on Ways and Means.

1278. Also, petition of the Chamber of Commerce of the State of New York, favoring the retention of the gold standard; to the Committee on Banking and Currency.

1279. Also, petition of the Chamber of Commerce of the State of New York, with reference to the high cost of Government construction; to the Committee on Ways and Means.

1280. By Mr. TRAEGER: Petition of the Board of Supervisors of the county of Los Angeles, State of California, dated April 12, 1933, to amend the Reconstruction Finance Corporation Act so that work-relief projects may be provided for worthy unemployed residents who own homes or farms or equities therein; to the Committee on Labor.

1281. Also, petition of the Council of the City of Los Angeles, State of California, dated May 23, 1933, urging that every local agency now administering relief money, contributed in whole or in part, by any agency of the Federal Government, shall deal with the stricken individual through an application for rehabilitation, and that this application shall permit of a specific request for a 20-year Federal loan at low interest rate to be used for the actual construction of a home; to the Committee on Banking and Currency.

1282. Also, petition of the Assembly and the Senate of the State of California, dated January 26, 1933, relative to memorializing Congress and the legislatures of the several States of the Union to cooperate in the program for a belated recognition of the people of the United States of the services rendered the Nation by volunteers who fought the War with Spain, the Philippine insurrection, and the China relief expedition; to the Committee on Pensions.

SENATE

MONDAY, JUNE 5, 1933

(Legislative day of Monday, May 29, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion by Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of June 2 and 3 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Caraway	Long	Sheppard
Austin	Clark	McCarran	Thomas, Okla.
Bachman	Duffy	McNary	Thompson
Barbour	Erickson	Murphy	Townsend
Black	Frazier	Overton	Trammell
Borah	Hebert	Patterson	Vandenberg
Bratton	Johnson	Pope	Van Nuys
Bulkley	Kendrick	Robinson, Ark.	White

The VICE PRESIDENT. Thirty-two Senators have answered to their names. A quorum is not present. The clerk will call the names of the absent Senators.

The legislative clerk called the names of the absent Senators, and Mr. COSTIGAN, Mr. FESS, Mr. LOGAN, Mr. NEELY, Mr. NORRIS, Mr. NYE, Mr. ROBINSON of Indiana, Mr. RUSSELL, Mr. SCHALL, Mr. THOMAS of Utah, and Mr. TYDINGS answered to their names when called.

Mr. VANDENBERG. I desire to announce the absence of my colleague the senior Senator from Michigan [Mr. COUZENS], who is engaged on official business in connection with the London Economic Conference.

Mr. BACHMAN. I desire to announce the necessary absence from the city of my colleague the senior Senator from Tennessee [Mr. MCKELLAR]. I ask that this announcement stand for the day.

Mr. HEBERT. I wish to announce that the Senator from South Dakota [Mr. NORBECK] is unavoidably absent.

I also wish to announce that the Senator from Pennsylvania [Mr. DAVIS] is absent on account of illness, and that the Senator from Delaware [Mr. HASTINGS] is necessarily absent from the city.

Mr. KENDRICK. I wish to announce that the Senator from Kentucky [Mr. BARKLEY] and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate.

I wish further to announce that the Senator from Nevada [Mr. PITTMAN] is necessarily absent, being en route to the London Economic Conference.

Mr. ADAMS, Mr. BANKHEAD, Mr. BONE, Mr. BROWN, Mr. BULOW, Mr. BYRNES, Mr. CAPPER, Mr. CAREY, Mr. COOLIDGE, Mr. CUTTING, Mr. DALE, Mr. DICKINSON, Mr. DIETERICH, Mr. DILL, Mr. GLASS, Mr. GOLDSBOROUGH, Mr. GORE, Mr. HATFIELD, Mr. HAYDEN, Mr. KEAN, Mr. MCGILL, Mr. REYNOLDS, Mr. SHIPSTEAD, Mr. STEIWER, Mr. STEPHENS, and Mr. WHEELER entered the Chamber and answered to their names.

The VICE PRESIDENT. Sixty-nine Senators have answered to their names, a quorum is present.

COMMITTEE SERVICE

Mr. ROBINSON of Arkansas. Mr. President, on behalf of the majority I ask that the following assignments to vacancies on committees be made:

To the Committee on the Judiciary, the Senator from Kentucky [Mr. LOGAN].

To the Committee on Interoceanic Canals, the Senator from Louisiana [Mr. LONG].

To the Committee on Territories and Insular Affairs, the Senator from Tennessee [Mr. MCKELLAR] and the Senator from California [Mr. MCADOO].

The VICE PRESIDENT. Without objection, the assignments will be made.

RATIFICATION OF THE REPEAL OF THE EIGHTEENTH AMENDMENT

The VICE PRESIDENT laid before the Senate a letter from the secretary of state of New Jersey, enclosing a certificate of the result of the vote of the convention to consider the ratification of the repeal of the eighteenth amendment to the Constitution of the United States, which, with the accompanying papers, was ordered to lie on the table and to be printed in the RECORD, as follows:

STATE OF NEW JERSEY,
DEPARTMENT OF STATE,
Trenton, June 3, 1933.

Hon. JOHN N. GARNER,
President of the Senate, Washington, D.C.

DEAR SIR: I am herewith enclosing a certificate of the result of the vote of the convention to consider the ratification of the repeal of the eighteenth amendment to the Constitution of the United States.

The result of the convention is certified to you in accordance with chapter 73, Laws of 1933 of the State of New Jersey, and a resolution adopted by the convention on June 1, 1933.

Yours very truly,

THOMAS A. MATHIS, *Secretary of State.*

Whereas the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein) did resolve that the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by conventions in three fourths of the several States; and

Whereas the said proposed amendment reads as follows:

"SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of submission hereof to the States by the Congress"; and

Whereas there was duly transmitted to the legislature of this State the said article of amendment proposed by the Congress to the Constitution of the United States; and

Whereas the legislature of this State, pursuant to law, did enact a statute entitled "An act providing for the election of delegates to a convention and providing for the holding of a convention to consider the article of amendment proposed by the Congress to the Constitution of the United States designed to repeal the eighteenth article of amendment", which said act, having passed both houses of the legislature, was signed by the Governor of this State on March 23, 1933, and constitutes chapter 73 of the Laws of New Jersey for the year 1933; and

Whereas, pursuant to the provisions of said act of the legislature, an election for the selection of delegates to the said convention was held in this State on May 16, 1933, at which said election delegates were chosen in accordance with the provisions of said statute; and

Whereas on May 22, 1933, His Excellency A. Harry Moore, Governor of the State of New Jersey, pursuant to the provisions of said act of the legislature did issue his said proclamation for the holding of the said convention, which said proclamation reads as follows:

"Whereas, pursuant to chapter 73 of the Laws of 1933, an election was held on the 16th day of May 1933 for the election of delegates to the convention to consider the article of amendment proposed by the Congress to the Constitution of the United States designed to repeal the eighteenth article of amendment; and

"Whereas section 13 of said act requires the Governor of this State, within 20 days after the holding of said election, by proclamation, to convene the said convention:

"Therefore I, A Harry Moore, Governor of the State of New Jersey, pursuant to the power and authority vested in me by said act of the legislature, do hereby convene the said convention to meet in the Memorial Building, Stacy Park, in the city of Trenton, on Thursday, the 1st day of June next, at the hour of 11 o'clock in the forenoon of said day (eastern standard time)."

Given under my hand and the great seal of the State of New Jersey this 22d day of May 1933, and in the independence of the United States the one hundred and fifty-seventh.

[SEAL] A. HARRY MOORE,
Governor.
THOMAS A. MATHIS,
Secretary of State.

Whereas pursuant to the said proclamation of His Excellency the Governor the said convention did meet at the time and place therein fixed and, having organized by the selection of a chairman and secretary and having adopted rules governing its deliberations, did proceed to consider the proposed article of amendment: Now, therefore, be it

Resolved by this convention of delegates representing the people of the State of New Jersey, duly assembled pursuant to law, That we do approve and ratify the proposed article of amendment proposed by the Congress to the Constitution of the United States designed to repeal the eighteenth article of amendment, which said amendment reads as follows:

"Whereas the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein) did resolve that the following article is hereby proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as a part of the Constitution when ratified by conventions in three fourths of the several States; and

"Whereas the said proposed amendment reads as follows:

"'SECTION 1. The eighteenth article of amendment to the Constitution of the United States is hereby repealed.

"'SEC. 2. The transportation or importation into any State, Territory, or possession of the United States for delivery or use therein of intoxicating liquors in violation of the laws thereof is hereby prohibited.

"'SEC. 3. This article shall be inoperative unless it shall have been ratified as an amendment to the Constitution by conventions in the several States, as provided in the Constitution, within 7 years from the date of submission hereof to the States by the Congress.' And, further, the action of this convention in approving and ratifying the said proposed amendment is valid to all intents and purposes as representing the people of the State of New Jersey; and be it further

"Resolved, That the chairman and secretary of this convention shall certify the result of the votes of the delegates to the secretary of state of this State; and be it further

"*Resolved*, That the secretary of state of this State shall certify the result of this vote to the Secretary of State of the United States and to the Senate and House of Representatives of the United States."

EMERSON RICHARDS, *Chairman.*

Attest:

OLIVER F. VAN CAMP, *Secretary.*

STATE OF NEW JERSEY,
DEPARTMENT OF STATE.

I, Thomas A. Mathis, secretary of state of the State of New Jeresey, do hereby certify that the foregoing is a true copy of the resolution adopted by the State convention ratifying the repeal of the eighteenth amendment.

I do further certify that the chairman and secretary of the convention has certified to this office that the resolution was adopted by a vote of 202 for the adoption of the resolution and 2 against the adoption of the resolution.

In testimony whereof I have hereunto set my hand and affixed my official seal this 2d day of June A.D. 1933.

[SEAL] THOMAS A. MATHIS,
Secretary of State.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of California, which was referred to the Committee on the Judiciary:

Assembly Joint Resolution 19, an act to memorialize Congress to set aside February 15 as a national holiday to commemorate the birthday of Susan B. Anthony

Whereas Susan B. Anthony was the pioneer who blazed the trail leading to women's suffrage in the United States; and

Whereas Susan B. Anthony gave her life and energy toward obtaining equal rights for women; and

Whereas Susan B. Anthony is honored and looked upon by the people of our country as a great national figure; and

Whereas February 15 is the day of the birth of this great leader: Now, therefore, be it

Resolved by the Assembly and Senate (jointly) of the California Legislature, That Congress be urged to set aside and apart February 15 as a national holiday in commemoration of the birthday of Susan B. Anthony.

The VICE PRESIDENT also laid before the Senate a joint resolution of the Legislature of the State of California, memoralizing Congress to propose an amendment to the Constitution of the United States providing for economic planning and regulation, which was referred to the Committee on the Judiciary.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a joint resolution adopted by the Legislature of the State of California, memorializing Congress to enact legislation providing for the suspension in payment of charges due from Federal reclamation project settlers to the United States and providing for a loan to the reclamation fund to replace the income thereto thus suspended, which was referred to the Committee on Irrigation and Reclamation.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate a joint resolution adopted by the Legislature of the State of California, relative to extension of time by institutions receiving Federal aid or assistance for the payment of certain debts secured by mortgages or deeds of trust, which was ordered to lie on the table.

(See joint resolution printed in full when presented today by Mr. JOHNSON.)

The VICE PRESIDENT also laid before the Senate the following resolution adopted by the Senate of the State of Texas, which was referred to the Committee on the Library:

Senate resolution 129 (by DeBerry)

Whereas the Government of the United States has contracted for the construction of a National Archives Building, to be completed not later than January 1, 1935; and

Whereas an administration headed by an archivist of the United States must soon be provided by law; and

Whereas Dr. Thomas P. Martin, a native citizen of the State of Texas, is in the opinion of many archivists and historians throughout the United States eminently qualified by education and experience to fill the position of archivist, when that position shall have been created by law: Now, therefore, be it

Resolved by the Senate of Texas, now in session, That we endorse Dr. Thomas P. Martin for appointment as archivist of the United States, and that as a token of our respect, admiration, and esteem of our fellow Texan that an enrolled copy of this resolution be forwarded by the secretary of the senate to the Vice President of the United States, Hon. John Garner, Senators Tom Connally, and Morris Sheppard.

EDGAR E. WITT,
President of the Senate.

I hereby certify that the above resolution was adopted by the senate May 31, 1933.

BOB BARKER,
Secretary of the Senate.

The VICE PRESIDENT also laid before the Senate the following concurrent resolutions of the Legislature of the Territory of Hawaii, which were referred to the Committee on Territories and Insular Affairs:

Concurrent resolution

Whereas numerous persons have been found stealing their passage on commercial and Government ships arriving at ports in the Territory of Hawaii from the mainland of the United States; and

Whereas said persons, otherwise termed "stowaways", are contributing to the serious unemployment problem now confronting the Territory and increasing the number of public charges; and

Whereas among said stowaways there have been found undesirable persons of such criminal records in other jurisdictions as to present a serious menace to the preservation of law and order in the Territory; and

Whereas it is felt by officials of the Territory of Hawaii and the shipping companies concerned that a grave situation has been created endangering the safety of sea travel and unnecessarily increasing the unemployment and crime problems in the Territory of Hawaii, rendering it highly desirable for Congress to vest in a proper regulatory body, such as the United States Shipping Board, the power and duty to regulate the act of stowing away on vessels engaged in coastwise service, including the power to require the return of all stowaways to ports of departure for trial and the imposition of such punishment as may be prescribed by law: Now, therefore, be it

Resolved by the Senate of the Territory of Hawaii (the house of representatives concurring), That the Congress of the United States of America be, and it hereby is, urgently requested to provide by appropriate and adequate legislation for the vesting in the United States Shipping Board or some other proper regulatory body the power and duty effectively to regulate and punish the act of stowing away on commercial and Government vessels engaged in coastwise service, including the power to require the return of all stowaways to ports of departure for trial and imposition of such punishment as may be provided; and be it further

Resolved, That duly authenticated copies of this resolution be transmitted to the Delegate to Congress from Hawaii, the Secretary of the Interior, the United States Shipping Board, and each of the two Houses of the Congress of the United States of America.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 20, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on May 20, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES
OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 20, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on May 20, 1933.

HERBERT N. AHUNO,
Speaker House of Representatives.
EDWARD WOODWARD,
Clerk House of Representatives.

Concurrent resolution

Whereas it has come to the attention of this legislature through items in the public press and otherwise that action is contemplated in Washington toward the amendment of the Hawaiian Organic Act removing the 3-year residence qualification for the Governor of Hawaii; and

Whereas it is well known that there are among those who have resided in this Territory during the preceding 3 years numerous men of the Democratic Party who are fully and ably qualified for this high office; and

Whereas it is also the firm conviction of this legislature that it would result most unfairly and unfortunately for the Territory should a nonresident, of necessity unfamiliar with local conditions and problems, be appointed to this office; and

Whereas the threatened procedure would be absolutely contrary to all principles of American self-government, in the fulfillment of which principles this Territory has heretofore given an excellent account of itself: Now, therefore, be it

Resolved by the Senate of the Territory of Hawaii, seventeenth regular session (the house of representatives concurring), That on behalf of the people of this Territory this legislature earnestly protests against any action by the Congress of the United States

of America toward the elimination of the 3-year residence qualification for the Governor of this Territory; and be it further

Resolved, That certified copies of this resolution be forwarded to the President of the United States of America, to each of the two Houses of Congress, to the Secretary of the Interior, and to the Delegate to Congress from Hawaii.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 20, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on May 20, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES
OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 20, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on May 20, 1933.

HERBERT N. AHUNO,
Speaker House of Representatives.
EDWARD WOODWARD,
Clerk House of Representatives.

Concurrent resolution

Whereas there appeared in the Honolulu Star-Bulletin, under date of May 23, 1933, a leading editorial under the caption "Roosevelt, the Wrecker?", condemning the President of the United States for having taken steps to suspend the Hawaiian Organic Act temporarily in order that he might be free to appoint as Governor of Hawaii a person of wide experience and vision, either from the islands themselves or from the entire United States, in order to obtain the best man available for this highly important post; and

Whereas the aforesaid editorial described the action of the President in this regard as being aimed to wreck and destroy American progress and American development of Hawaii; and

Whereas it is the sense of the Senate of the Territory of Hawaii, the House of Representatives concurring, that this editorial is both vicious and entirely unwarranted, ill-advised, in the worst of bad taste, unpatriotic under present conditions, and is lacking in that spirit of cooperation which should exist during these times of national stress, and that it does not reflect the feeling of the right-thinking people of Hawaii: Now, therefore, be it

Resolved by the Senate of the Territory of Hawaii, regular session of 1933 (the house of representatives concurring), That the editorial aforesaid be and it hereby is vehemently condemned by the two bodies of the legislature in that it throws an entirely false light on the action of the President in his attempt to obtain for Hawaii a man whom he considers to be best suited for the important position of chief executive of the Territory; and further, in that it does not express the reaction of the legislature nor the people of Hawaii to the suggestion of an emergency suspension of that portion of the Hawaiian Organic Act regarding residence qualification of the Governor of Hawaii; and be it further

Resolved, That the Legislature of the Territory of Hawaii does hereby record a vote of the highest confidence in Franklin D. Roosevelt, President of the United States, in his wisdom and ability to decide upon the man best suited for the high place of honor and trust vested in the man chosen for Governor of Hawaii; and be it further

Resolved, That this resolution be forthwith transmitted by wire to President Roosevelt; and be it further

Resolved, That certified copies of this resolution be transmitted by mail to Hon. Franklin D. Roosevelt, President of the United States; to the Honorable L. L. McCandless, Delegate to Congress from Hawaii; and to both Houses of the Congress of the United States.

THE SENATE OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 24, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the Senate of the Territory of Hawaii on May 24, 1933.

GEO. P. COOKE,
President of the Senate.
ELLEN D. SMYTHE,
Clerk of the Senate.

THE HOUSE OF REPRESENTATIVES
OF THE TERRITORY OF HAWAII,
Honolulu, Territory of Hawaii, May 24, 1933.

We hereby certify that the foregoing concurrent resolution was adopted by the House of Representatives of the Territory of Hawaii on May 24, 1933.

HERBERT N. AHUNO,
Speaker House of Representatives.
JAS. S. OCHONG,
Assistant Clerk House of Representatives.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the American Society of Ichthyologists and Herpetologists, favoring the making of adequate appropriations to maintain the scientific, educational, and conservational work of the Bureau of Fisheries, the National Museum, the National Zoological Park, and other Federal agencies engaged in such work, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution adopted by the United Ukrainian Organizations of Cleveland, Ohio, protesting against the recognition of the Soviet Government of Russia, and favoring the passage of the so-called "Dies bill", providing for the exclusion and deportation of alien communists, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the board of directors of the Pennsylvania State Association of Master Plumbers at Scranton, Pa., favoring the passage of the bill (S. 1592) to prohibit untrue, deceptive, or misleading advertising through the use of the mails or in interstate or foreign commerce, which was referred to the Committee on Interstate Commerce.

He also laid before the Senate a letter from S. P. Gagnet, Sr., of New Orleans, La., endorsing Hon. HUEY P. LONG, a Senator from the State of Louisiana, and condemning attacks made upon him, which was referred to the Committee on the Judiciary.

He also laid before the Senate the petition of Ida W. Friend, of New Orleans, and sundry citizens of the State of Louisiana, praying for a senatorial investigation relative to alleged acts and conduct of Hon. HUEY P. LONG, a Senator from the State of Louisiana, which was referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted by a mass meeting at the Farmers Market Square, in a national youth-day demonstration, at the city of Ironwood, Mich., condemning appropriations for armaments and also the creation of military forced-labor camps among the youth, and favoring the establishment of a system of Federal unemployment insurance and immediate cash relief for the unemployed, which were referred to the Committee on Military Affairs.

He also laid before the Senate a resolution adopted by the Democratic County Committee of the City and County of Honolulu, Hawaii, protesting against amendment of the Organic Act of Hawaii so as to permit the appointment of a nonresident governor of the Territory, which was referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a petition of sundry citizens of the State of California, praying for amendment of the so-called "Economy Act" and regulations issued thereunder, restoring to all veterans who were actually disabled in the military or naval service their former benefits, rights, privileges, ratings, etc., which was ordered to lie on the table.

Mr. COPELAND presented a resolution adopted by Bay Ridge Council, No. 16, Sons and Daughters of Liberty, of Brooklyn, N.Y., favoring the prompt passage of the so-called "Dies bill", fixing a quota pertaining to the admission of alien immigrants to the United States, which was referred to the Committee on Immigration.

He also presented resolutions adopted by the Randall Manor Residents Association, Inc., of West New Brighton, Staten Island, N.Y., advocating a reduction in the interest rates on all first mortgages on Randall Manor homes (Staten Island) from 6 to 4½ percent, which were ordered to lie on the table.

Mr. JOHNSON presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Finance:

Assembly Joint Resolution 34, relative to memorializing the President of the United States to increase the customs duties on certain fish products and to negotiate treaties concerning the conservation of fish

Whereas the customs duties fixed by the laws of the United States on the importation of fresh, frozen, and canned fish, fish meal, and fish oil do not equalize the differences existing in the costs of producing such articles in this country and the costs of producing such articles in foreign countries; and

Whereas unless such differences in the costs of production are immediately equalized the acute unemployment problem existing in the industries marketing fish and fish products cannot be solved; and

Whereas persons engaged in the fishing industry of this State are subject to strict regulations enacted in the interest of the conservation of such natural resources; and

Whereas it is necessary that the United States enter into treaties with adjoining nations in order that the supply of fresh fish in Pacific waters be conserved for future generations, and in order that the fish industries of this State, from which many thousands of the citizens of this State gain livelihood, be not placed in a disadvantageous position with similar industries existing in foreign nations: Now, therefore, be it

Resolved by the Assembly and Senate of the State of California, jointly, That the Legislature of the State of California respectfully urges the President of the United States to request an investigation by the United States Tariff Commission for the purpose of raising the customs duties on fresh, frozen, and canned fish, fish meal, and fish oil, in order that the differences existing between foreign and domestic production costs be equalized; and be it further

Resolved, That the legislature of this State respectfully urges the President of the United States to approve and proclaim an increase in the customs duties on these articles; and be it further

Resolved, That the legislature of this State respectfully urges the President of the United States to negotiate with the nations adjoining the United States treaties leading to the conservation and protection of fish and other animal life existing in the waters of the Pacific Ocean; and be it further

Resolved, That duly authenticated copies of this resolution be forwarded to the President of the United States, the Chairman of the United States Tariff Commission, and the Senators and Representatives of this State in Congress.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Irrigation and Reclamation:

Senate Joint Resolution 16, relative to memorializing Congress to enact legislation providing for the suspension in payment of charges due from Federal reclamation project settlers to the United States and providing for a loan to the reclamation fund to replace the income thereto thus suspended

Whereas there have been introduced into the United States Senate for passage, Senate bills 5417 and 5607, which are complementary one to the other, the first providing for a suspension in payment of charges due from the Federal reclamation project settlers to the United States and in the amount of which charges and for like period of time the principal source of income to the reclamation fund is likewise delayed, and the second providing for a loan to the reclamation fund to replace the income thereto thus suspended; and

Whereas such suspension of construction charges has become necessary on account of the extreme low prices affecting all agricultural communities; and

Whereas unless the loan above referred to is made to the reclamation fund the activities of the bureau in carrying out the long-established governmental policies relating to reclamation must stop; and

Whereas there has already been authorized by the Congress of the United States the construction of irrigation projects under the provision of the Reclamation Act; and

Whereas many of said Federal projects are now only partially completed and therefore incapable of performing the service for which they were intended, or of any substantial self-liquidation of their present costs until the same are completed; and

Whereas the settlers upon numerous privately initiated irrigation districts of the Western States are on the verge of being forced out of their homes—to swell the throng of urban unemployed—because of an inadequate water supply due to lack of storage and necessity for repair of distribution facilities, and a supplemental water supply can be made most readily available by the Federal Reclamation Bureau upon a sound engineering and economic set-up; and

Whereas delays in completion of projects already begun and the commencement of those projects designed to rehabilitate worthy existent enterprises will result in serious loss to the United States generally and to the Western States particularly in (a) direct increase in unemployment through cessation of work on projects and consequent laying off workers, and indirect increase of unemployment in all of those industries supplying materials for the projects; (b) depreciation of works already constructed in such incomplete projects, and of idle money therein invested; and (c) the crushing blow to those under said projects (with their dependent communities) having inadequate water supply and having staked all in faith upon the Federal Government's completing that which it has undertaken and in commencing needed construction to supplement the water supply of those worthy private projects; and failure to enact said bills, or similar legislation, will result in the discharge of thousands of men now employed and the consequent loss in purchasing power for consumption of both farm and industrial projects and add to the depression prevailing in all markets; and

Whereas we understand that the program of the Reclamation Bureau, if the aforementioned legislation is enacted, is to be confined strictly during the period provided for in the loan to doing those things necessary to place existent projects on a sound and workable basis, and does not contemplate initiating work on any project, either Federal or otherwise, not now developed to a material extent, and therefore does not propose the bringing under irrigation of any appreciable areas of land not now irrigated: Therefore be it

Resolved by the Senate and the Assembly of the State of California, jointly, That the Congress of the United States in furtherance of established national policies of reconstruction and reclamation should enact, without delay, United States Senate bills 5417 and 5607 into laws; and be it further

Resolved, That the Secretary of the Senate of the State of California be, and he is hereby, directed forthwith to transmit a copy of this memorial to each, the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, and to the California delegation in Congress, with a request that they expeditiously promote the enactment into law of United States Senate bills 5417 and 5607.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on the Judiciary:

Assembly Joint Resolution 26, relative to memorializing Congress to propose an amendment to the Constitution of the United States providing for economic planning and regulation

Whereas modern scientific use of natural power and machinery and efficient conduct of business and commerce have brought about the production of commodities and rendition of services with a rapidly decreasing amount of human effort; and

Whereas this condition has resulted in a great surplus of human labor and of available commodities and services; and

Whereas there have ensued great unemployment, misery, suffering, and crime, with the possibility of social and political disturbances of the gravest character; and

Whereas under the present unregulated system of conducting competitively for profit the production and commerce of the Nation, there exists no natural economic principle or factor which will in times of peace counteract the destructive tendency toward overproduction, unemployment, and inadequate income to most of the employed; and

Whereas it would appear that with proper use and control of modern means of production and distribution it would be possible for practically all persons to have and enjoy a fair share of material goods in return for services rendered; and

Whereas such use and control and appropriate economic planning are not feasible except through the direction and supervision of a single centralized agency, and not fully attainable without the removal of certain constitutional limitations: Now, therefore, be it

Resolved by the assembly and senate, jointly, That the Legislature of the State of California hereby memorializes the Congress to propose an amendment to the Constitution of the United States reading substantially as follows:

"The Congress and the several States, by its authority and under its control, may regulate or provide for the regulation of hours of work, compensation for work, the production of commodities, and the rendition of services in such manner as shall be necessary and proper to foster orderly production and equitable distribution, to provide remunerative work for the maximum number of persons, to promote adequate compensation for work performed, and to safeguard the economic stability and welfare of the Nation"; and be it further

Resolved, That the Legislature of California respectfully urges that, pending the submission and adoption of such an amendment, the Congress provide for such economic planning and regulation as may be necessary and proper under present economic conditions and legally possible under the existing provisions of the Constitution; and be it further

Resolved, That the chief clerk of the assembly is hereby instructed forthwith to transmit copies of this resolution to the President of the United States, and to the President of the Senate, the Speaker of the House of Representatives, and each of the Senators and Representatives from California in the Congress of the United States.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was referred to the Committee on Public Buildings and Grounds:

Assembly Joint Resolution 31, relative to the use of granite in Federal construction projects

Whereas California is one of the leading granite-producing States of the Union; and

Whereas it is desirable that permanent public buildings should be constructed of dignified, durable, and beautiful materials; and

Whereas the benefits of Federal construction should not be confined to any one State or locality by the specification and general use of a material produced almost exclusively within the borders of such a State; and

Whereas granite is readily available in any of 21 States, while the production of limestone is largely confined to the State of Indiana; and

Whereas it is apparent from its general use in all sections of the country that undue favoritism has been shown Indiana limestone in Federal construction, with resulting aggravation of serious unemployment conditions in the granite-producing States: Now, therefore, be it

Resolved by the Assembly and the Senate of the State of California, jointly, That the Members of the Senate and House of Representatives from the State of California be, and are hereby, urged to secure proper consideration for the use of granite in Federal construction projects; and be it further

Resolved, That the chief clerk of the assembly be, and he is hereby, directed to send copies of this resolution to each Member of the Senate and House of Representatives from the State of California.

Mr. JOHNSON also presented the following joint resolution of the Legislature of the State of California, which was ordered to lie on the table:

Senate Joint Resolution 26, relative to extension of time by institutions receiving Federal aid or assistance for the payment of certain debts secured by mortgages or deeds of trust

Whereas the activity of the United States Government in its present plan of aiding banks, insurance companies, building and loan companies, and railroad companies, as well as in aiding agriculture and industry, is viewed with appreciation and approbation by the Legislature of the State of California; and

Whereas said legislature is especially in full accord with the extension of aid to banks which have loaned money to farmers and home owners secured by mortgages or deeds of trust on home or farm properties; and

Whereas it has been brought to the attention of some members of the legislature that some of the financial institutions receiving loans or other assistance from the United States Government or its agencies do not extend and are not willing to extend reasonable time for payment of debts secured by deeds of trust or mortgages on homes and farm properties before foreclosing the mortgage or exercising powers of sale granted by the mortgage or deed of trust: Now, therefore, be it

Resolved by the Senate and Assembly of the State of California, jointly, That the Legislature of the State of California respectfully petitions and urges the United States Government to use the strongest measures justifiable in requiring such institutions receiving such aid to cooperate with the Federal Government in its program for the restoration of prosperity to our country by extending time for payment of the debts above mentioned; and be it further

Resolved, That duly authenticated copies of this resolution be sent forthwith by the secretary of the Senate of the State of California to the President of the United States, to the President of the Senate of the United States, to the Speaker of the House of Representatives of the United States, and to the Members of Congress from the State of California.

NEW JERSEY SHIP CANAL FROM RARITAN BAY TO DELAWARE RIVER

Mr. BARBOUR. Mr. President, I ask consent to have printed in the RECORD and appropriately referred a joint resolution adopted by the Senate and General Assembly of the State of New Jersey, memorializing the President and Congress of the United States to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River at a point near the head of navigation, and providing for the appointment of a committee to further this project.

The joint resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Senate Joint Resolution 20, introduced March 20, 1933 (by Mr. Powell)

Joint resolution memorializing the President and Congress of the United States to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River at a point near the head of navigation, and providing for the appointment of a committee to further this project

Whereas an inland waterways system has been provided along the entire Atlantic coast with the exception of the short distance through the State of New Jersey, for which project the State of New Jersey has heretofore appropriated considerable money for the acquisition of the right of way, and has from year to year reappropriated said moneys, and the State of New Jersey has been and still is ready and willing to furnish the right of way for such canal in accordance with the representations heretofore made to the Federal Government; and

Whereas in the interests of commerce and the national defense such ship canal is a necessary and worthy improvement and one such as is contemplated to be completed under the comprehensive program of the President of the United States; and

Whereas, pursuant to the direction of the last Congress, the United States Corps of Army Engineers is now ready to proceed with 74 percent of the work on such canal and will be ready to proceed with the balance of said work by July 1, which said Engineer Corps has unlimited experience in large scale work of this nature and can start work immediately upon this project; and

Whereas the construction of such canal would provide employment for a very large number of men near the greatest center of unemployment in this country, a large portion of the work being of such nature that it can be done by hand labor; and

Whereas the immediate construction of such canal would in large measure contribute to the early return of prosperity: Therefore be it

Resolved, by the Senate and General Assembly of the State of New Jersey:

1. That the President and Congress of the United States are hereby memorialized and requested to provide a sufficient sum of money to construct a ship canal across the State of New Jersey from Raritan Bay to the Delaware River, at a point near the head of navigation, upon a right of way to be furnished by this State.

2. That a copy of this resolution be transmitted to the President and Vice President of the United States, to the Speaker of the House of Representatives, and to each Member of the Senate and House of Representatives of the United States from the State of New Jersey.

3. That a committee of 3, 1 to be appointed by the Governor, 1 to be appointed by the president of the senate, and 1 to be appointed by the speaker of the house, be constituted to further this project and to personally present the same to the President of the United States, the Members of the Senate and House of Representatives of the United States from the State of New Jersey, and to take such other steps as to such committee shall seem proper.

4. This joint resolution shall take effect immediately.

REPORTS OF COMMITTEES

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (H.R. 5208) to amend the probation law, reported it with an amendment and submitted a report (No. 113) thereon.

Mr. WALSH, from the Committee on Printing, to which was referred the concurrent resolution (S.Con.Res. 2) providing for the printing, with an index, of the Constitution of the United States, as amended to April 1, 1933, together with the Declaration of Independence, reported it without amendment and submitted a report (No. 115) thereon.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on today, June 5, 1933, that committee presented to the President of the United States the enrolled bill (S. 1581) to amend the act approved July 3, 1930 (46 Stat. 1005), authorizing commissioners or members of international tribunals to administer oaths, etc.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BRATTON:

A bill (S. 1832) granting a pension to Elizabeth Jane Catron Mills Young; to the Committee on Pensions.

By Mr. LOGAN:

A bill (S. 1833) to provide for the settlement of claims against the United States on account of property damage, personal injury, or death; to the Committee on Claims.

A bill (S. 1834) to establish uniform requirements affecting Government contracts, and for other purposes; and

A bill (S. 1835) to establish a United States court of administrative justice and to expedite the hearing and determination of controversies with the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. REED:

A bill (S. 1836) for the relief of John W. Schell; to the Committee on Military Affairs.

A bill (S. 1837) granting a pension to Harriet S. Nicholson; to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 1838) to enroll on the citizenship rolls certain persons of the Choctaw and Chickasaw Nations or Tribes; to the Committee on Indian Affairs.

By Mr. ROBINSON of Arkansas:

A bill (S. 1839) to transfer the Botanic Garden to the Department of Agriculture; to the Committee on the Library.

By Mr. McCARRAN:

A bill (S. 1840) making appropriation for the mint and assay office at Carson City, Nev.; to the Committee on Appropriations.

By Mr. COPELAND:

A joint resolution (S.J.Res. 59) to provide for the expenses of delegates of the United States to the Ninth Pan American Sanitary Conference (with accompanying papers); to the Committee on Foreign Relations.

RETURN OF RECORDS OF FAIRMONT HOTEL

The VICE PRESIDENT. The Chair lays before the Senate a proposed order which it has been suggested should be entered by the Senate.

The order was read and agreed to, as follows:

Ordered (by unanimous consent), That the Secretary of the Senate be, and he is hereby, authorized and directed to return to the Hotel Fairmont, San Francisco, Calif., certain records of the hotel offered in evidence in the proceedings of the Senate, sitting for the trial of the impeachment of Harold Louderback, United States district judge for the northern district of California, as follows:

Registration card of Sam Leake, dated September 21, 1929 (U.S.S. Exhibit 42);

Records of the said hotel covering room 26 from September 1929 to April 1933 (U.S.S. Exhibit 43);

Record of room 679, occupied by Mr. and Mrs. W. S. Leake, and by W. S. Leake, from January 1928 to April 1933 (U.S.S. Exhibit 44);

Original telephone sheets of daily calls from said hotel on March 11 and March 13, respectively, 1930 (U.S.S. Exhibit 45); and

A pencil memorandum of the hotel auditor covering payments for room 26 from October 1929 to April 1933 (U.S.S. Exhibit 46).

ORGANIZATIONS WITHIN THE FARM CREDIT ADMINISTRATION—AMENDMENT

Mr. BLACK submitted an amendment intended to be proposed by him to the bill (S. 1766) to provide for organizations within the Farm Credit Administration to make loans for the production and marketing of agricultural products, to amend the Federal Farm Loan Act, to amend the Agricultural Marketing Act, to provide a market for obligations of the United States, and for other purposes, which was read, referred to the Committee on Banking and Currency, and ordered to be printed, as follows:

Insert at the proper place the following:

"Nothing in this bill shall be construed or administered in such way as to abolish or impair the operation and continuation of the Regional Agricultural Corporations."

AMENDMENT TO INDUSTRIAL-CONTROL AND PUBLIC-WORKS BILL

Mr. BLACK submitted an amendment intended to be proposed by him to House bill 5755, the so-called "industrial-control and public-works bill", which was read, ordered to lie on the table, and to be printed, as follows:

Amend by adding to section 6 the following subdivision:

"(d) No trade or industrial association or group shall be eligible to receive the benefits of the provisions of this title, unless such associations or groups give an equal voting strength to the industries, trades, and groups of each State, as State units, irrespective of the magnitude of trade, or business of the trades, industries, or associations of the different States."

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (H.R. 5329) creating the St. Lawrence Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the St. Lawrence River at or near Ogdensburg, N.Y., and it was signed by the Vice President.

NEW YORK & CUBA MAIL STEAMSHIP CO.—SALARIES

Mr. BLACK. I regret that the senior Senator from New York [Mr. COPELAND] is not present. I have had his office called, but he is not there.

On last Friday, while I was absent from the Chamber, there was placed in the RECORD by the Senator from New York a letter from Mr. Franklin D. Mooney, president of the New York & Cuba Mail Steamship Co. In presenting that letter the Senator from New York made the following statement:

On the 31st of May, at page 4645 of the RECORD, the Senator from Alabama [Mr. BLACK] made certain criticisms regarding the salary paid the head of one of the shipping lines. I want the truth about that matter to appear; and I ask that the letter received by me from Mr. Franklin D. Mooney, president of the New York & Cuba Mail Steamship Co., may be inserted in the RECORD.

The first two paragraphs of that letter are as follows:

NEW YORK & CUBA MAIL STEAMSHIP CO.,
Washington, D.C., June 1, 1933.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D.C.

DEAR SENATOR COPELAND: I happened to arrive in Washington this morning to keep an appointment, and while here my attention was called to certain statements made by Senator BLACK on the floor of the Senate in connection with the salary paid the president of the New York & Cuba Mail Steamship Co. As I happen to be the president of that company, I naturally am quite familiar with the amount that is paid. I am sure Senator BLACK would not wish the RECORD to set forth statements which are not borne out by the facts, and with a view to enabling you to correct a wrong impression that can easily be created by what was put in the RECORD, I desire to submit the following facts.

The New York & Cuba Mail Steamship Co. does not now and at no time has it paid me a sum as great as the minimum fixed in the so-called "Black amendment." At the present time, the New York & Cuba Mail Steamship Co. pays me an annual salary of $12,825, and the expenses incurred by me for a period covering from 1929 to 1932 have never been in excess of $1,100 per annum, which covers from one to three trips annually to Cuba and to Mexico, railroad fares, hotels, taxis, telephone calls, etc. For the same period fees paid to me for attendance at directors' meetings have never exceeded $220 per annum.

Mr. President, I hold in my hand the report made to the special committee to investigate air and ocean mail contracts by the New York & Cuba Mail Steamship Co. in answer to a questionnaire sent by that special committee to the New York & Cuba Mail Steamship Co. It purports to state the truth. In answer to paragraph 6, section A, asking for a list of the officers of that particular company and their salaries where over $7,500 a year were paid appears the name of Mr. Franklin D. Mooney. It shows that he received a salary from that particular company for the year 1932 of $12,943.75. Mr. Mooney states that it was $12,825. This report shows that his salary for that year was $12,943.75, with an expense account of $1,099.

The question in paragraph 6, section C, reads as follows:

Q. State what officers, agents, or employees of yours, while your mail contract has been in force, held offices, positions, or employment with any other persons, firms, or corporations; their duties, salaries, and/or bonuses paid to them during said such time by such persons, firms, or corporations. In answering these questions it is desired that you set out specifically and clearly all directorates, offices, and positions held in other companies or corporations by any of your officers and/or directors during 1932 and 1933, with the compensation received by them from each.

In answer to that question appears the name of Mr. Franklin D. Mooney heading the list.

For the Atlantic Gulf & West Indies Line, which is the holding company for all of the subsidiaries and which has borrowed considerable money from the Government, according to the report, the salary for the year 1929 was $75,000, for the year 1930, $35,000; for the year 1931, $14,375; and for the year 1932 the salary was $12,943.75.

Under the name of the New York & Porto Rico Steamship Co., another one of the affiliates and subsidiaries, appears a salary for Mr. Mooney of $12,943.75 for the year 1932.

Under the name of the Clyde Mallory Line, for the year 1932, there appears the name of Mr. Franklin D. Mooney with an additional salary of $25,887.50.

While it is true that the report from the particular company which he mentions in his letter shows only an additional salary of $700, it will be noted that all of these are connected with each other and connected with the subsidy.

In that connection it might be of interest to call attention to the fact that on page 8 of the annual report made December 31, 1932, for the Atlantic Gulf & West Indies Line, appears this statement, it being recalled that I referred to dividends a few days ago:

Goodwill and franchise, book value, $11,806,752.37.

Also in the same report on page 6 appears this statement:

It will be noted on reference to the balance sheet there are mortgage notes in favor of the United States Government amounting to $223,233, payment of which has been postponed.

This was during the year 1932 when these salaries were paid. It will also be noted that on page 9 of the same report appears this statement:

United States Government loans under American Merchant Marine Act of 1920:

Loans not yet due, $12,234,817.12.

Loans due and unpaid, $223,233.

So that while they had plenty of money to pay these salaries the Government is still in the red on the interest due on its money.

PURPOSES OF FARM RELIEF ACT

Mr. COSTIGAN. Mr. President, every farmer in America will wish to read an article by the able Secretary of Agriculture, Hon. Henry A. Wallace, on the purposes of the recently enacted farm relief law, published in the New York Times of Sunday, June 4, 1933. I ask unanimous consent that this article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times of Sunday, June 4, 1933]

THE PURPOSES OF THE FARM ACT—THE IMMEDIATE TASK, SAYS THE SECRETARY OF AGRICULTURE, IS TO REDUCE PRODUCTION BY MEANS OF THE EMERGENCY PROVISIONS; THE LONG-TIME TASK IS TO OPEN EXPORT MARKETS BY TARIFF AGREEMENTS

By Henry A. Wallace, Secretary of Agriculture

The farm problem is peculiarly difficult, because the people of the United States during the past 12 years have resolutely refused to face certain fundamentals.

Almost overnight we changed from a debtor to a creditor nation. No nation in history ever made so tremendous a change so suddenly. Only now have we begun to appreciate its significance.

We went into the World War owing other nations $200,000,000 annually on interest account. We came out of that war with other nations owing us over $500,000,000 annually. Today other nations owe us annually more than a billion dollars.

Immediately after the war, therefore, we should have begun to alter our pioneer psychology and our national policies from those of a debtor to those of a creditor nation. Europe owed us money, which in the long run she could repay only in goods and services. If we wanted Europe to pay her debts to us, we should logically have encouraged her to ship goods here.

We did not do so. Instead we increased our tariffs and stimulated an increase in manufactured exports. And when a creditor nation increases its excess of exports over imports by such devices there is bound to come a time of most serious trouble.

TWO DIRECTIONS AT ONCE

The dilemma of a nation trying to go two different directions at the same time was successfully hidden from the American people, because from 1921 to 1929 we lent foreign nations vast sums with which to buy our exports and pay installments on their debt to us. When we stopped lending money the crash was bound to come.

Our refusal to behave as a creditor nation logically should, has been particularly disastrous to agriculture. We normally export more than half our cotton, nearly half our tobacco, a fifth of our wheat, and from a third to a half of our packing-house lard. Of all agricultural products we have exported 18 percent, on the average, during the last 20 years, whereas of our nonagricultural products we have exported only 5 percent. Thus our relationship with foreign nations is three times as important to agriculture as it is to industry. Our failure since the World War to learn to act as a creditor nation sooner or later must, has cost agriculture more than three times as much as it has cost industry.

Had the United States been properly awake to our new responsibilities as a creditor nation, particularly as they affected agriculture, we should have begun soon after the war to adjust our national policy to the changed world situation. We should preferably have permitted imports in order that we might export on a sound basis.

Or if we were determined upon a course of aggressive economic nationalism, as we evidently were, we should in all fairness have helped agriculture adjust itself to that course. In conformity with that course, all through the past decade we should have been gradually adjusting the acreage of our staple crops, of which we produce an export surplus, to the new-demand situation. At least 30,000,000 acres, perhaps as much as 50,000,000 acres, should then have been taken out of production. Actually, of course, our acreage of harvested crops changed but little, and a sudden spurt of efficiency served only to make the total situation worse.

FACTS MUST NOW BE FACED

Today, years after we should have taken action, we are faced with the absolute necessity—not merely the desirability—of adjusting our agriculture to the market that actually exists, and of doing it as rapidly as is humanly possible. We have no choice but to face bitter facts, to admit frankly that we cannot sell wheat and lard to nations that have established high tariffs and trade restrictions, and that cannot remove those restrictions until and unless they are permitted to exchange their own products for the products of other nations.

To do swiftly the thing which should have been done gradually over the past dozen years is an enormously difficult job. Yet that is the task set for the new Farm Adjustment Act. I think it can be done, but it will take the whole-hearted cooperation of everyone.

I am quite aware of the possibilities for reclaiming some of that lost export market for farm products by reciprocal tariffs, but, speaking as a realist, I also know that the consequences of such changes, as measured by definite increases in imports over exports, will become evident rather slowly. I am of the opinion that it is going to be very difficult to import into the United States, at any time within the next 3 or 4 years, a sufficient volume of goods to take care of our creditor position and at the same time furnish adequate purchasing power at a fair price for our surplus farm products. Meanwhile, it is only common sense to let our trade conform to the realities of world markets. That is a major reason for the machinery of the Farm Adjustment Act.

A TWOFOLD TASK

Our immediate task then is to accomplish this emergency adjustment of production to demand through the operation of the new act. Our long-time task is to reduce barriers and impediments to international trade so that American farmers may again, if it is possible, profit by the natural advantages which our agriculture has in the production of several important products. The two tasks are not in conflict; the machinery of the Farm Adjustment Act can serve the needs of expansion as well as it can the needs of contraction; it is only common sense to be prepared to move either way with the necessary dispatch.

The immediate reason for the new Farm Act is, of course, the wide disparity between the prices of the things the farmer sells and the things he buys, and the resultant damage that disparity has done to farm buying power and thereby to our whole economic system. In March, farm products had only one half of their pre-war exchange value for things the farmer buys, and for paying debts they were worth only a fourth to a third as much as when the bulk of the farm-mortgage debt was incurred. So far as exchange value is concerned, the chart on this page reveals the disparity that has existed ever since 1921 and that has become ruinous within the past 3 years.

FARM PURCHASING POWER

The implications of this disparity were largely ignored by our industrial and financial leaders until very recently. But when the market for industrial products dwindled, both at home and abroad, the importance of the farm market to industry was driven home. When loans on farm property began to fail, destroying the foundation of many financial institutions and threatening others hitherto thought impregnable, financiers came to see the importance of the farmer's purchasing power to other economic groups. Then it was realized that the prolonged agricultural depression really had the significance to national welfare which farm leaders had insisted upon for 12 long years, even during the years when industry prospered despite low purchasing power on the farm.

As a leading financial journal pointed out a few days ago, farmers consume, on an average, about $6,000,000,000 worth of manufactured goods a year, but they can't achieve that average when their gross income is down to $5,000,000,000, as it was in 1932. That tragically low income explained why their expenditures for farm machinery in 1932 were about 16 percent and for trucks and automobiles 15 percent of the 1929 buying.

There is at present, therefore, a genuine disposition to work toward a balance between our major producing groups. There is a realization, I believe, that the very basis of national prosperity lies in the ability of all our people to exchange their goods and services at prices sufficient to maintain a decent standard of living for all.

The Farm Adjustment Act uses the pre-war years of 1909–14 as the base period or the period of fair exchange value. That period was chosen because it represents the most satisfactory exchange relationship between major producing groups that this country has achieved within the past hundred years. It is important to note that price relationships, rather than absolute prices, are the measure. If wheat at $1 a bushel and shoes at $3 a pair be considered a satisfactory exchange relationship for both wheat grower and shoe manufacturer, it is obvious that wheat at 50 cents, with shoes down only to $2.50 a pair, is immediately unfair to the wheat grower and in the long run disastrous to the shoe manufacturer; on the other hand, wheat at $2 and shoes at $3 might be unfair to the shoe manufacturer and ultimately disastrous to the wheat grower. What we seek is even-handed justice.

To remove the disparity between farm and industrial prices, the act states that it is the policy of Congress to establish, as rapidly as is feasible, but having due regard to the interests of consumers, such balance between the production and consumption of agricultural commodities, and such marketing conditions, as will restore the purchasing power of farm products to the base period.

POWERS CONFERRED BY CONGRESS

The administrators of the act have the power to provide for reductions of acreage or production of the basic agricultural commodities by means of voluntary agreements with producers and to provide for rental or benefit payments in such amounts as may be necessary. The basic commodities named in the act are wheat, cotton, corn, hogs, milk and its products, tobacco, and rice.

The second group of powers delegated by Congress enables the Farm Adjustment Administration to enter into marketing agreements with processors and distributors of any agricultural commodity or product thereof, provided it is in the current of interstate or foreign commerce.

And the third grant of power, closely allied to the second, provides that the Farm Adjustment Administration may issue licenses permitting the above-mentioned processors and distributors to engage in the handling, in the current of interstate or foreign commerce, of any agricultural commodity or product thereof or any competing commodity or product thereof. Such licenses shall be subject to whatever terms and conditions are necessary to eliminate unfair practices and to effect the restoration of normal economic conditions.

Revenue for benefit payments to farmers and for administrative expenses will be obtained from processing taxes. The tax may be at a rate sufficient to yield the difference between the current average farm prices of the commodity and the price necessary to

raise farm purchasing power to the base level. But if such a rate would cause a decline in domestic consumption or a fall in the farm price of the commodity, the rate of tax may be fixed at a point that will prevent these results.

FLEXIBILITY PROVIDED

These are broad powers, granted to meet an emergency, and to be used with the greatest discretion. They permit flexibility, an obvious necessity in a measure dealing with so diverse an industry as agriculture and with such variable matters as price relationships and supply and demand situations. Rigidity is just as unwise in legislation affecting economic interests as it is impossible in the economic system itself.

The intent of these powers has been aptly described by the President as a partnership between government on the one hand and agriculture and industry on the other. If farmers and processors and distributors wish to adjust production and distribution to the market that actually exists, if they desire to get rid of cutthroat competition, they have an opportunity within the terms of this act.

They are asked to relinquish that part of their traditional freedom of action which has violated the rights of others, and only that part; in return, they receive the assistance of the Government in bringing order out of chaos, and they build a foundation for economic stability in a new economic situation. Both producer and processor are enabled to do a thing they have long known ought to be done, but which has been impossible without Government assistance. They have, in this new measure, as in the pending industrial recovery bill, a method of self-government by which they can bring competition under collective control.

ADMINISTRATIVE CHIEFS

Obviously the administration of this new piece of social machinery is all-important. Accordingly, the first job has been to select the best men available to operate it, and to shape the policies and procedure which will guide it. In George N. Peek as administrator, Charles J. Brand as coadministrator, and Chester C. Davis as production administrator, I believe we have men uncommonly well qualified for the task. They bring the necessary understanding of farming and of the processing and distributing trades; they have proved their administrative skill in many important capacities, and through many years they have demonstrated their devotion to the cause of agriculture. These men are representative of that valiant group which has zealously and consistently sought to realize, in legislation and in other ways, the very genuine interdependence of agricultural and national welfare.

The ink was hardly dry on the President's signature on the Farm Adjustment Act before producers and handlers of dairy products were reaching a tentative marketing agreement on prices, margins, and production in the Chicago area. Representatives of Cincinnati and Boston milk sheds have since been conferring with us, and others are on their way. When the producers and distributors in a given area come to an agreement on what should be done to prevent ruinous competition, to raise the price to the producer, and at the same time to protect the consumer's interest, we shall be prompt to submit that agreement to a public hearing and, if it is proven legal and wise, become a party to it.

The extent to which marketing agreements will be employed and on what commodities cannot, of course, be foretold. They offer distinct possibilities—in dealing with dairy products, for instance. Marketing agreements may be used on other commodities to supplement a program of acreage reduction.

ACREAGE REDUCTION

I do not see how we can avoid some reduction in acreage or production. It will be difficult; but in the face of the existing supply-and-demand situation, there is no alternative. The recent sensational rise in the prices of wheat and cotton and corn is comforting, but its stimulating effect on planting is not so comforting. Furthermore, we still have that 13,000,000-bale carryover of American cotton and a 360,000,000-bushel carryover of wheat.

We have been blessed with some extraordinarily bad weather in the winter-wheat belt, and the outlook for that crop is the worst it has been in 20 years. Prospects are for a winter-wheat crop of 337,000,000 bushels, as compared with a normal crop of about 580,000,000 bushels. Probably the total wheat crop in the United States this year will not exceed 600,000,000 bushels, as compared with an average of about 850,000,000 bushels.

That might let us breathe much easier, and relieve us of the necessity for reducing acreage next fall, were it not for the carryover of 360,000,000 bushels and the stimulus of the recent rise in price to increased planting. The probabilities are that the total wheat supplies next August will be about average. Unfortunately, because we are a creditor Nation, and because our wheat prices are now more than 20 cents above world parity, our export market for wheat is practically nonexistent. Unless we engage in a program of acreage reduction next fall, the summer of 1934 will again find the wheat grower in serious trouble.

DECREASE IN THE USE OF CORN

The corn-and-hog situation is in some ways even more troublesome. There are about 20,000,000 surplus acres of corn in the United States. We have today about 11,000,000 fewer horses and mules on the farms and in the cities than we had 20 years ago. These vanished horses and mules ate the product of about 15,000,000 acres of corn land. The people of the United States today eat about 100,000,000 bushels less corn than they did 20 years ago; thus we have lost the market for another 3,000,000 acres of corn land. Hogs today consume about 200,000,000 bushels less than they did in the past because farmers have been taught by the State experiment stations and the United States Department of Agriculture to utilize more efficient methods of feeding.

All in all, there has been lost, during the past 20 years, the market for more than 20,000,000 acres of corn. The corn-products companies which make corn sirup, corn sugar, corn oil, etc., and certain industries which use corn products for lacquering automobiles, use the product of only one or two million more acres than they formerly did. Probably the corn surplus would have brought matters to a head before this had it not been that the 1930 corn crop was the shortest in 29 years, and the 1931 crop was much below normal.

I can see trouble of the most desperate kind ahead for the corn, wheat, and cotton farmers, therefore, unless they are willing, with the centralizing help of the Government, to accept their fair share of the responsibility for helping the United States to act as a creditor Nation sooner or later must act.

To take enough acres out of production will take a considerable sum of money. This money must be obtained, under the act, from a processing tax. Some of this tax must necessarily be paid by the consumer. It is worth noting, however, that a tax of 40 cents a bushel on wheat (in the form of flour), which might serve to increase the income of the wheat farmer nearly 100 percent, would only increase the price of a loaf of bread by about 15 percent, or a cent a pound.

PROTECTING THE CONSUMER

Definite safeguards for the consumer are written into the bill. It is provided that no higher percentage of the consumer's dollar shall go to the farmer than was the case before the war. It is furthermore provided that whenever any tax is levied the Secretary of Agriculture shall make public such information as he deems necessary concerning the relationship between the processing tax and the price paid to the producers. That, coupled with the licensing provisions of the act, should prevent any serious pyramiding of the tax.

Nevertheless, it is recognized that if the farm bill is to be a complete success, there must be an increase in consumer purchasing power. Consumers, though at the present time they are paying farmers for food only about 60 percent as much as they normally should, probably feel that they are completely unable to pay more. It is important, therefore, that the measures now pending for a public-works program and a revival of private industry accompany the Farm Act in attacking the depression. The increased farm buying power brought about by the Farm Adjustment Act should, after a few months, decrease city unemployment materially, but nothing less than the whole administration program will suffice to meet the emergency.

In the solution of the farm problem it is important that we restore farm purchasing power by every means at our command. But it is also important that, in our desire to see prices go up we do not deceive ourselves concerning the true nature of the market. In the long run inflation will not increase the purchasing power of Europe for our surplus farm products. Reciprocal tariffs will not by themselves be sufficient. Agreements with the processors, no matter how skillfully they may be supervised, will help only a little if we disregard the fundamental problem of cutting our acreage to fit the fact that we are now a creditor nation.

PROTECTION OF GOVERNMENT RECORDS—APPOINTMENT OF CONFEREE

Mr. ROBINSON of Arkansas. Mr. President, because of the necessary absence of the Senator from Nevada [Mr. PITTMAN] on Government business, the conference committee on H.R. 4220, pertaining to Government records, has not met. As the absence of the Senator from Nevada will be prolonged, it is suggested that some member of the Committee on Foreign Relations be appointed in his stead.

The Senator from Texas [Mr. CONNALLY] served on the subcommittee which collaborated in the preparation of the Senate substitute or draft; and while I have not had an opportunity to confer with the other members of the committee, I suggest his appointment as a member of the conference committee instead of the Senator from Nevada.

The VICE PRESIDENT. Without objection, the Senator from Texas will be appointed a conferee in place of the Senator from Nevada. Is there objection? The Chair hears none, and it is so ordered.

Mr. JOHNSON. Mr. President, I do not want to object to the appointment at all. I think it a most appropriate one. I think it appropriate, too—and of this I shall have more to say perhaps during the day, at any rate on some conference report—that it ought always to be the case when a matter of importance goes to conference that those who sit in the conference are friends of the particular measure or friends of the particular amendment that may be in question.

Mr. ROBINSON of Arkansas. May I say in reply to what the Senator from California has just stated that as the committee is now constituted it is composed of members

of the Senate Foreign Relations Committee who drafted the Senate substitute for the House bill.

Mr. JOHNSON. That is exactly why I think the appointments are most appropriate. For instance, it would be, I think, wholly inappropriate were I asked to serve, because I was not in sympathy particularly with the measure. That is a question that ultimately I intend to present to the Senate, perhaps not today or in this special session; but some time, if I continue in the body, and if I live long enough, I expect to present an amendment to the rules which will provide that no Senator shall sit upon a conference committee on any bill, any amendment, or any measure who is not friendly to the bill, the amendment, or the measure.

The VICE PRESIDENT. If the Chair may be permitted to make a statement in this connection, the general rule is for the Chair to appoint conferees; but the custom has been, so the Chair is advised by the Parliamentarian, that the Chair appoints the conferees named by the Senator in charge of the bill.

Mr. JOHNSON. The Chair has been quite right in that practice. Not only that, but our custom has been—and no one can complain of it, because it has grown into a set rule—that the Senators appointed upon a conference committee are appointed by reason of their precedence and their rank in the membership of the committee having charge of the bill.

ST. LAWRENCE DEEP WATERWAY TREATY

Mr. PATTERSON. Mr. President, I ask unanimous consent to have printed in the RECORD an address delivered by former Representative Cleveland A. Newton, of Missouri, at the chamber of commerce meeting, St. Louis, Mo., May 23, 1933, on the subject of the St. Lawrence Deep Waterway Treaty.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

If the Great Lakes-St. Lawrence Treaty is ratified in its present form, it will provide a 27-foot channel for seagoing vessels from all the Great Lakes cities direct to the world markets, while it will make impossible a commercially useful waterway from the Great Lakes to the Gulf of Mexico. The Panama Canal imposed a heavy burden upon commerce and industry in the Mississippi Valley, and to provide a seagoing canal for Canada and the Great Lakes cities without providing a commercially useful waterway from the Lakes to the Gulf will tremendously increase that burden.

Fort Williams and Port Arthur on the north shore of Lake Superior constitute the largest wheat port in the world. The Great Lakes-St. Lawrence seaway will make low-cost water transportation available direct from the great wheat fields of Canada to the world market at Liverpool. Without a commercially useful waterway from the Lakes to the Gulf the wheat farmers of Iowa, South Dakota, Nebraska, Kansas, Missouri, and other States in the Mississippi Valley will be unable to compete in world markets.

This treaty proposes to surrender to Canada and to Great Britain sovereignty over Lake Michigan. Lake Michigan is an American lake. It is entirely within the American watershed. At the nearest point it is more than 70 miles from the Canadian border, and this is the first time since our Government was founded that any responsible official in Washington has ever indicated a willingness to surrender sovereignty over this all-American lake.

For more than 80 years water from Lake Michigan has flowed down the Illinois and Mississippi Rivers to the Gulf. For more than 20 years we have diverted approximately 10,000 cubic feet per second. Canada has recognized this diversion, and during the negotiations leading up to the treaty of 1910 the Canadians recommended that the United States limit the diversion at Chicago to 10,000 second-feet. They urged that such a limit be written into the treaty of 1910, but Elihu Root, then Secretary of State, refused to permit any reference in the treaty to this all-American lake. Mr. Root insisted that our sovereignty be preserved. The Senate sustained him. The proposed treaty should not be ratified unless our continued sovereignty over Lake Michigan is assured.

We have had years of propaganda telling the public that diversion at Chicago was draining the Lakes. Hydraulic engineers universally agree that a diversion of 10,000 cubic feet per second lowered the levels of the Lakes less than 6 inches; that the lowering was complete within 3 years after the diversion began and that if the diversion is continued for a thousand years there will be no further lowering. Lake levels rise and fall in cycles of approximately 10 years, governed by the rainfall and melting snow. The levels of the Lakes 3 years ago were higher than they had been in 70 years, showing conclusively that the diversion at Chicago is not draining the Lakes.

Congress has authorized an expenditure of $3,700,000 for the construction of compensating works in the Lakes. These works will retard the flow of the water from each lake with the result that the levels of the Lakes will be raised 18 inches. At our own expense, we will not only restore the 6 inches resulting from a 10,000 second-feet diversion at Chicago but we will add 12 inches more. General Pillsbury, Assistant Chief of Engineers of the War Department, while testifying before the Foreign Relations Committee of the Senate, stated that a diversion of 30,000 feet per second could be compensated for without injury to navigation.

An adequate diversion for an all-American waterway from the Lakes to the Gulf will in no way injure navigation either upon the Lakes or down the St. Lawrence. The channels of the Great Lakes were originally 7 feet. The channels and harbors of the Great Lakes, at the expense of the United States, have been deepened to 21 feet. It is now proposed to increase the depth of the channels and harbors of the Great Lakes to 27 feet and all at the expense of the United States. The channel down the St. Lawrence is now 14 feet. It is proposed by the treaty, largely at the expense of the United States, to increase that channel to 27 feet. Now, while we are increasing the depth of the Lakes and the St. Lawrence by approximately 20 feet, the proponents of this treaty are endeavoring to make a commercially useful Lakes-to-the-Gulf waterway impossible on the pretext that the diversion necessary for such waterway has lowered the levels of the Lakes 5½ inches.

We can have a 27-foot waterway in the Great Lakes and down the St. Lawrence, and a commercially useful 9-foot waterway from the Great Lakes to the Gulf, without injury to navigation anywhere. The only damage which cannot be repaired is this: The water which is necessary to insure a commercially useful waterway from the Great Lakes to the Gulf cannot be used to turn the turbines of the power companies down the St. Lawrence. I cannot understand why any good American should not be more interested in creating low-cost water transportation through the great interior of this country than in producing power down the St. Lawrence in Canada.

There are certain glaring inequities in this treaty which should be corrected before the treaty is ratified. The new work required to build the seaway provided for in the treaty calls for an estimated expenditure of $105,274,000 by Canada and $225,061,000 by the United States. The actual cost may be much greater. This will create 5,000,000 horsepower of electricity, 1,000,000 of which will belong to the United States and 4,000,000 to Canada. This inequity should be corrected before the treaty is ratified.

Under the treaty of 1910 the Canadians were allowed to take 36,000 cubic feet of water per second out of the Lakes upon the Canadian side while we were limited to 28,000 second-feet on the American side. If the new treaty goes into effect Canada will be authorized to take 41,000 second feet from the Lakes upon the Canadian side while we will be limited to 22,000 second-feet on the American side. This is another inequity which ought to be corrected before the treaty is ratified.

Under the terms of the treaty the American money which is to be expended in Canadian territory must be used to employ Canadian labor, Canadian engineers, and to supply Canadian material. This means that during these times of unemployment $55,000,000 of American money will be expended in Canada for Canadian labor and material. This is another inequity which should be removed from the treaty before it is ratified.

For more than 80 years we have been diverting water from Lake Michigan. For more than 20 years we have been diverting approximately 10,000 cubic feet per second. If the treaty is ratified in its present form this diversion will be reduced to 1,500 cubic feet per second annual average, which means that during the flood season large quantities of lake water will be diverted to prevent the pollution of the Chicago River from flowing into the lake. During the navigation season of June, July, August, September, October, and November the diversion will be reduced to approximately 400 second-feet.

Chief Justice Hughes, as special master in the Chicago Diversion case, found from the testimony that the most modern sewerage treatment would not eliminate more than 85 percent of the impurities of the Chicago sewage. This means that with the installation of the latest purification equipment known to science there will be turned into this Illinois waterway, from Chicago alone, pollution equal to the raw sewage of 680,000 people. In addition to this the raw sewage of cities along the canal and down the Illinois River, such as Joliet, Utica, Ottawa, LaSalle, Peoria, Beardstown, and many other municipalities will be pouring into this Lakes-to-the-Gulf waterway.

If the proposed treaty goes into effect the Illinois waterway will comprise a series of stagnant pools containing pollution equal to the raw sewage of more than a million people. Imagine the health of the people who live adjacent to that river. Imagine the pollution of the air through which the navigator must pass with his cargo during the hot months of July, August, and September, and all because of inadequate water from Lake Michigan to provide a commercially useful Lakes-to-the-Gulf waterway.

Scientists tell us that if the diversion at Chicago is limited to 1,500 second-feet this poisonous pollution will saturate the entire Illinois River and will soon be pouring into the Mississippi only a few miles above the waterworks at St. Louis, and all because the diversion will have been shut down at Chicago in order to provide more water to turn the turbines of the power companies down the St. Lawrence.

The Rivers and Harbors Act of July 3, 1930, provided for a Lakes-to-the-Gulf waterway. In that act Congress directed that

after such waterway is in operation the Secretary of War shall study its needs, determine the amount of diversion necessary to make it commercially useful and report his conclusions back to Congress on or before July 31, 1938. This treaty nullifies a solemn provision of an act of Congress and should not be ratified in its present form.

This treaty should not be ratified until its inequities have been corrected, until American rights have been protected, until this menace to American health has been removed, until the markets of the American farmer have been safeguarded, until a commercially useful Lakes-to-the-Gulf waterway has been provided, until provision is made whereby American money goes to American labor, and American sovereignty over Lake Michigan is preserved.

ARMS EMBARGO—VIEWS OF WALTER LIPPMANN

Mr. VANDENBERG. Mr. President, pending on the Senate Calendar is House Joint Resolution 93, entitled "A joint resolution to prohibit the exportation of arms or munitions of war from the United States under certain conditions." When the joint resolution in its original form was in the Senate Foreign Relations Committee it was amended by the unanimous action of the committee to require a general quarantine of any war area rather than the identification of the aggressor by the United States and an embargo being applied by the United States against the aggressor alone. The amendment was made with the approval of the President of the United States at the time.

I have in my hand an amazingly lucid analysis of the entire American embargo problem from the pen of Mr. Walter Lippmann, eminent publicist. I want to read just one sentence before I ask to have the entire exhibit printed in the RECORD. Referring to the possibility of the identification of an aggressor by our Government and then the application of an embargo upon our responsibility against that aggressor, as was the original concept in the House resolution, Mr. Lippmann said:

> But even if the responsibility were not too great a one for the United States to assume, it is certainly too great a one for any President alone to assume.

I think Mr. Lippmann completely expresses the majority viewpoint of the American people in this aspect. Certainly he bespeaks American tradition. Because of Mr. Lippmann's own standing and because he frequently favors internationalistic thought and is often an administration oracle, and particularly because of the cogent fashion in which he has submitted the matter, I ask that the article be printed in the RECORD. We want peace partnerships, Mr. President, but we do not want war partnerships.

There being no objection the article was ordered to be printed in the RECORD, as follows:

For some time there has been a resolution before Congress that would have authorized the President to join with other powers in prohibiting the export of arms and munitions to any nation he considered a menace to world peace. The offer recently made at Geneva by the administration through Mr. Davis does not literally depend upon this resolution. But practically it does.

The peoples of Europe would regard the offer as of little value if all that it meant was that Congress would in each case have to make the decision whether the United States would or would not assist the blockade against the "aggressor."

The Foreign Relations Committee of the Senate has now reported the resolution with an amendment that provides that the President may lay an embargo only against all the parties in the conflict. He may not single out the aggressor nation, lay an embargo against it, and continue to let arms and munitions be shipped to its opponents.

Thus the Senate committee has, in effect, refused to give the President power to join in the so-called "sanctions" of peace, has refused to let him be the judge whether the United States should be neutral. For all practical purposes the amended resolution vetoes the offer recently made at Geneva.

ALL POTENCY WRUNG FROM OFFER

The offer to consult would still remain, but the offer to do something after the consultation is virtually nullified. For under the resolution as it now reads the American offer could be carried into effect only by act of Congress in each particular case.

To my mind it seems clear that to give the President the power to judge which is the aggressor nation and to join in punishing it is almost indistinguishable from giving him power to declare war. How true this is was borne in upon me last winter when I happened to be at Geneva in the critical days of the Manchurian affair. The sentiment of the smaller powers in the League was strongly in favor of declaring Japan the aggressor and of proceeding to act under article XVI of the League Covenant. What prevented this action was that Great Britain would have had to use her Navy to apply the blockade, and Great Britain had no appetite for war with Japan.

Now, if at that time the United States had been under obligation to identify the aggressor in that dispute and then to lay an embargo against Japan, the whole responsibility in the Orient would inevitably have been concentrated on us. The last and the decisive word would have been ours.

WE WOULD HAVE BEEN PRINCIPAL FOE

If we refused to declare Japan the aggressor the other great powers would have said, as in fact they did say, that they could not act under the Covenant. If, on the other hand, we did declare Japan the aggressor, it would have been the United States which had in reality set the blockade in motion, and from the Japanese point of view we should have become the principal enemy.

This practical demonstration convinced me of something I had previously only dimly suspected; namely, that to stand outside the League and yet to accept the final responsibility as to whether the League should apply force was the most dangerous way possible of attempting to organize international peace. We should be creating a situation in which responsibility would not be distributed, as President Wilson originally conceived it, among the members of the League, but where the whole responsibility for what the League should do or fail to do was placed upon the United States. In any actual crisis the President would have to decide what should be done at Geneva.

TOO BIG A LOAD FOR UNITED STATES TO SHOULDER

The responsibility is too great a one for the United States to assume. As regards the Far East, it would, as I have already indicated, isolate us as the principal enemy. As regards the Continent of Europe, we should, if we persuaded nations to disarm because they expected our help, be driven into a position where any injury they would suffer because they were insufficiently armed would be chargeable to us. It is not a sound foreign policy, as I see it, to attempt to buy the specific disarmament of any nation with a vague and uncertain commitment as to what we might do in the future.

But even if the responsibility were not too great a one for the United States to assume, it is certainly too great a one for any President alone to assume. Te abrogration of neutrality is so near to being an act of war, and in great conflicts so certainly leads to war, that the decision should be fully and openly shared with Congress. If the reasons for intervening are not clear enough to convince Congress, they are not clear enough to justify the President; and if, with the issues unclarified, the American people not understanding their interest in the quarrel, the United States were drawn into war, the President might easily find himself with his own people divided.

HERE'S NUB OF WHOLE PROBLEM

The trouble with the American attempt for the last 12 months to force some measure of land disarmament in Europe has been that, until the underlying political conflicts are mitigated, the armed powers will reduce only if they receive equivalent guaranties. The recent offer at Geneva has been an attempt to provide them such guaranties and yet to keep a free hand for the United States. It cannot be done. A guaranty which would mean anything in Europe would mean the abandoning of complete liberty of action by the United States. A really free hand is no guaranty and no substitute therefore for armaments.

This dilemma cannot be resolved by a diplomatic formula which might mean one thing in Europe and another in the United States.

It is far better to be precise in these matters, to define exactly what we will do and what we will not do, and to raise no false hopes as to what commitments the American people in their present state of mind are really prepared to make and maintain.

ROBERT W. BINGHAM, AMBASSADOR TO GREAT BRITAIN

Mr. ROBINSON of Indiana. Mr. President, yesterday there appeared in the Washington Herald an editorial with reference to our official representation at the Court of St. James's. In the comments in the Herald editorial mention was made of some of the distinguished Americans who have occupied the high post of Ambassador to Great Britain from this country. In that connection I read the following:

Of America's representatives, many names of treasured memory are still familiar to us.

None stands higher than that of Lincoln's war minister, Charles Francis Adams. In more recent times we think of James Russell Lowell, who was spoken of in London as "the ambassador of American letters to the court of English literature."

Then came the Cleveland appointees, two noteworthy men, Phelps and Bayard, the admirable John Hay, and under President McKinley, the incomparable Joseph H. Choate. Truly a long and lustrous line.

But it looks as if the present incumbent, Robert W. Bingham, was destined to mark a violent let-down from this high standard.

There was no expectation when the Nation was surprised by his appointment that he would take his place as a natural successor of such men as we have named.

Yet the country was willing to accept him as one of the secondary figures who have occupied the office—men who have added no distinction to it, but who have not brought discredit upon it.

Even this modest claim, we fear, cannot be made for our present Ambassador.

The editorial proceeds at length strictly in point and ultimately demands the recall of this envoy who the great majority of Americans feel misrepresents the United States at the Court of St. James's.

The editorial is entitled "Who Put the Ass in Amb-ass-ador?" I ask that the entire editorial be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Herald, Sunday, June 4, 1933]

WHO PUT THE ASS IN AMB-ASS-ADOR?

The ambassadorship to the Court of St. James's is one of the highest dignities that can come to an American, and one of the greatest offices in the President's power to bestow.

By long tradition and common consent it is deemed a recognition to be reserved for our foremost men who are qualified by training, eminent achievements in life, and loyalty to American institutions to voice our point of view in matters of mutual concern with Great Britain, in a way that is ingratiating and persuasive, to be sure, but also in terms that are truly representative of this country and its best public opinion.

England has long attached the same importance to its representation in Washington. The result has been a continuing exchange of ambassadors in which both nations took a just pride.

Of America's representatives, many names of treasured memory are still familiar to us.

None stands higher than that of Lincoln's war minister, Charles Francis Adams. In more recent times we think of James Russell Lowell, who was spoken of in London as "the ambassador of American letters to the court of English literature."

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Yet the country was willing to accept him as one of the secondary figures who have occupied the office—men who have added no distinction to it but who have not brought discredit upon it.

Even this modest claim, we fear, cannot be made for our present Ambassador.

In his first public utterance on assuming office he has said enough to forfeit confidence not only in this country but in England as well. He has put the question of his immediate recall high up on the list of duties pressing upon the President's attention.

To refer to the Geneva declaration of Norman H. Davis, already repudiated from one end of the country to the other, as marking a reversal of the traditional policy of the United States to keep itself free from European entanglements is about the worst break that could have been made.

The actual words used by Ambassador Bingham in associating himself with the egregious faux pas of our Geneva spokesman were: "It marked the definite deparature from principles maintained by the United States since the Nation was founded."

Not content with this statement—so fatuous as hardly to deceive for a moment even his English hearers—this blundering Ambassador proceeded to express himself on the troubled question of designating the aggressor in the event of a European conflict.

With a nonchalance that is unlooked for in a grown man, not to say one who occupies the responsible position of an Ambassador, he made the following sapient observation:

"I do not believe there is a 10-year-old child of average intelligence anywhere in the world who could fail, in the event of war, to select instantly the aggressor."

This should be interesting to the representatives of the 54 nations at Geneva who have been toiling for many weary months to evolve a practicable definition to embrace this intricate and explosive subject.

Now, what shall be done with an Ambassador who so misrepresents his country?

Not what shall be said—because a fool should never be answered according to his folly—but what shall be done?

Of course, he must be got out of the position he occupies.

He is a danger to the peace and good understanding which all Americans desire with the people of England. The latter should not be misled. As to the trend of American thought and the direction of American policy they should be protected against deception by words issuing from the mouth of a person officially clothed with the status of our Ambassador.

If there is one thing certain, it is that the United States will not directly or indirectly suffer itself to be involved in the disputes of Europe or in the diplomatic and political casuistry of its statesmen.

To promise that we will is to make a promise that has neither background in our purposes nor foundation in fact.

Its only result is to sow misunderstanding and exasperation which it is an Ambassador's primary duty to prevent and delay.

This country has already had enough of Bingham. We imagine that England has, too.

He should be recalled, and without delay.

(Editor's note)

Ass (according to Webster's dictionary), a quadruped of the genus Equus, having long ears and a shorter mane than the horse. The domestic ass is patient and slow and has become the type of obstinacy and stupidity.

2. A dull, stupid fellow; a dolt, especially one who is stubborn or stolid.

3. "A perverse fool"—Oxford English Dictionary.

Examples:

"I find the ass in compound with the major of your syllables."—Coriolanus.

"They praise me and make an ass of me. Now my foes tell me plainly I am an ass."—Twelfth Night.

"Oh, that he were here to write me down an ass."—Much Ado About Nothing.

"Now what a thing it is to be an ass."—Titus Andronicus.

"For it will come to pass that every braggart shall be found an ass."—All's Well That Ends Well.

"I wonder if the lion be to speak. No wonder, my lord, one lion may when many asses do."—Midsummer Night's Dream.

"Cudgel thy brains no more about it for your dull ass will not mend his pace by beating."—Hamlet.

"An ass may bray a good while before he shakes the stars down."—Romola.

"The ox knoweth his owner, and the ass his master's crib."—Isaiah.

"The Lord opened the mouth of the ass."—Numbers.

"He shall be buried with the burial of an ass."—Jeremiah.

REDUCTION OF VETERANS' COMPENSATION

Mr. ROBINSON of Indiana. Mr. President, there appeared in the papers a day or two ago a dispatch from Dyer, Ind., dated June 2, reading as follows:

FIRST SQUARE MEAL PROVES FATAL TO STARVING WAR VET

DYER, IND., June 2.—A substantial meal eaten after days of starvation caused the death of A. C. Faulkner, 38, Joliet, Ill., World War veteran, here today.

Faulkner was given shelter and a meal at the town jail last night. He ate ravenously.

This morning Marshal Haltman found Faulkner's body on the jail floor.

Coroner Andrew Hoffman said he died from a heart attack caused by overtaxing his stomach.

I understand the President now makes the statement that additional taxes will have to be raised to take care of the increase voted here last week for veterans' allowances. Of course, I think this statement is not altogether frank. It was said on the floor, as I remember, by the junior Senator from South Carolina [Mr. BYRNES] that a 25-percent limitation on the President's authority to cut and slash veterans' allowances would be entirely agreeable to the administration, because he did not intend to slash more than 18 to 20 percent, anyway.

If the Senator from South Carolina was correctly representing the President in that statement, then it is not necessary to raise additional revenue by taxation to meet the requirements of the legislation, which permits the President to go as high as 25 percent, if he really never meant to cut more than 18 to 20 percent.

If the President's statement made now is correct and properly represents him, namely, that we must raise more taxes to pay the additional benefits, then it means that the President from the beginning meant to be ruthless and to cut and slash and slash and cut, without regard to justice. Senators may take their choice. Either what was said by the Senator from South Carolina did not represent the President, or what the President is now quoted as having said does not correctly state his views. What the President should state frankly is that he must raise additional revenue by taxation in order to meet the enormous additional expenses he himself is creating and has asked to be provided for during the past 3 months.

Mr. CUTTING. Mr. President, I desire to call the attention of the Senate to what seems to me a grave breach of the proprieties on the part of the White House secretariat.

I see on the second page of the New York Times of today two headlines in parallel columns. One is headed:

Howe to explain part in kit deal.

With that I do not care to concern myself at the present moment.

In the adjacent column there is an article reading in part as follows:

HOWE DEPLORES VETERAN-CUT LIMIT—$150,000,000 RESTORED BY THE SENATE, HE SAYS ON RADIO, WILL COST $1.25 PER CAPITA—CALLS IT BLOW TO BUDGET—PRESIDENT'S SECRETARY HOLDS THAT BALANCING HELPED STIMULATE TREND TOWARD PROSPERITY

WASHINGTON, June 4.—Every person in the United States will have to pay $1.25 more in taxes, directly or indirectly, as a result of the action of the Senate in reducing by more than $150,000,000 the proposed cuts in veterans' allowances, Col. Louis M. Howe, secretary to the President, said tonight in a radio interview.

Mr. Howe, who was heard over a National Broadcasting Co. network, declared that "you can be assured that eventually you will have to dig down and give Uncle Sam $1.25 for yourself, your Mrs., and all the kiddies, if you happen to be the head of a family, because in the long run any deficiency in the Budget has to be paid for by the people."

"Had the Budget Director's office actually struck a balance?" Mr. Howe was asked by his interviewer, Walter Trumbull.

"Yes; the Budget was really balanced", Mr. Howe replied.

I do not intend to take much time to discuss this speech by the secretary to the President. The office of Presidential secretary is one unknown to the Constitution. The President's secretary is not responsible directly to anybody in the United States except the President himself. His office is a purely ministerial one.

I do not remember any analogy to the present case. I do not remember any instance in which a secretary to the President has used his position to appeal to the people of the country on a matter of major controversy on which Congress had reached a decision contrary to that maintained by the secretary to the President. I think it is a very unfortunate example to hand down to posterity.

It is a grave question as to whether coordinate branches of the Government should appeal to the people of the United States against each other. That, however, is rather a broader question than the one with which I am immediately concerned. Certainly if there is such a controversy it is not the duty of a secretary, clerk, or stenographer to present it to the people of the United States.

And think for a moment, Mr. President, of the nature of this appeal! Here are 200,000, perhaps 250,000, men who served their country in time of need, who have been discriminated against, who have been persecuted, by regulations handed down by an administrative bureau. On Friday last the Senate of the United States decided that this thing had gone too far, resumed into its own hands to some extent the authority which it had previously delegated, and decided that these men ought not to be treated in the way in which the Veterans' Administration had decided to treat them. What the Senate did was either just or unjust. If it was unjust, let us be shown the nature of that injustice. If it was just, is it fair to appeal to the people of the United States on the mere ground that such a measure of justice will cost each one of them $1.25?

If anybody at the time of the World War had suggested that justice to the men whom we were then sending into the service would depend on whether or not the taxpayer cared to spend an extra dollar and a quarter, he would have been hooted from one end of the country to the other, and would have been fortunate to escape lynching.

I do not believe the taxpayers are going to be bound by any such considerations as that. Is there anybody who will frankly maintain that he is not willing to pay $1.25 in order to take care of the wounded and the disabled who served this country in the hour of its need?

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Minnesota?

Mr. CUTTING. I yield to the Senator.

Mr. SHIPSTEAD. I have in my office a letter from the mayor of Minneapolis in which he states that as a result of the administration of the recent rule regarding veterans' compensation, 2,000 veterans' families in Minneapolis will be placed upon the public charity rolls, to be taken care of by the local taxpayers.

Mr. CUTTING. Mr. President, that is exactly the situation we are facing all over the country. Even if these cases were unjustly on the rolls, somebody will have to take care of them. We are not improving the financial situation of the United States by allowing these men to be taken care of by local charity, which comes out of the property tax, rather than allowing them to be paid for by the Federal taxpayers through their income tax and other methods of Federal taxation.

Mr. SHIPSTEAD. It is a Federal debt.

Mr. CUTTING. The Senator from Minnesota reminds me that this is a Federal debt, and of course it is. It was the United States that drafted these men into the service, and it is the United States which is bound to take care of them.

Mr. VANDENBERG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Michigan?

Mr. CUTTING. I yield to the Senator.

Mr. VANDENBERG. Is the Senator referring to the first of the radio broadcasts which the President's secretary is making in the hour previously occupied by Mr. David Lawrence?

Mr. CUTTING. I cannot tell the Senator who previously occupied the hour; but the President's secretary took it last night, and, I understand, is going to continue to make speeches in that hour.

Mr. VANDENBERG. Very good. If the Senator is justified in raising a question respecting the ethics of this type of broadcast, it will be particularly interesting to know what the nature of Mr. Howe's own contract with the radio broadcasting company is, and whether or not he is compensated for doing the thing against which the Senator complains; because, if he is, and in any such amount as is commonly understood, the situation becomes doubly aggravated.

Mr. CUTTING. I quite agree with the Senator. I think the point he has raised is very pertinent. I am unable, of course, to answer the Senator's question; but I think it is something that ought to be gone into.

If the President's secretary is to make money on the outside by giving personal reminiscences or accounts of the routine work at the White House or other matters with which he is acquainted, that is something with which we have no particular concern; but when he attempts to discuss public affairs, I think it is a matter which very directly concerns us and everyone else in the United States.

Mr. VANDENBERG. May I make one further inquiry?

Mr. CUTTING. I yield.

Mr. VANDENBERG. I have not seen the full text of the radio address, and I did not hear it. If Mr. Howe was pleading for economy, I am wondering if in the course of his observations he made any reference to the conservation-kit contract, which apparently was not in the nature of economy and which apparently cost the taxpayers at least a few cents each, and a contract with which he seems to be rather intimately related.

Mr. CUTTING. I said previously that he explains that contract in a parallel column on the same page of the New York Times, but not in the same connection.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Indiana?

Mr. CUTTING. I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. I should like to ask the Senator from New Mexico if he knows what compensation Mr. Howe receives for these broadcasts?

Mr. CUTTING. I have not the slightest idea. I am sorry I cannot satisfy the Senator.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Louisiana?

Mr. CUTTING. I do.

Mr. LONG. Inasmuch as the Senator has been interrupted, as I take the article, without being offended by it, it is in the nature of an instruction coming directly from one of the President's secretaries. That is rather a high order of instruction. We are rather fortunate to get the instruction of a secretary at this stage of the matter.

Mr. SCHALL. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Minnesota?

Mr. CUTTING. I do.

Mr. SCHALL. Apropos of the Senator's remark, I am informed that the Legislature of the State of Minnesota recently appropriated $75,000 to take up the cuts recently made by the President.

Mr. CUTTING. Mr. President, I do not know as to that; but I can assure the Senator that if the Legislature of Minnesota does not do something of that sort the only salvation for those men will be the kind of legislation which we passed last Friday.

Mr. SCHALL. They appropriated $750,000.

Mr. CUTTING. I am glad to hear that they did it; but there are a great many States which are totally unable to do anything of the sort. Furthermore, as the Senator's colleague just said, this is a Federal obligation and not a State obligation.

Mr. President, we are informed that the office of the Director of the Budget has actually struck a balance, and that that balance is going to be completely done away with by the action of the Congress the other day. As the Senator from Michigan suggested just now, perhaps some of this money which has been added to the pay rolls of the Government might have been saved by greater economy in organizing and equipping the conservation camps. At any rate, the fact remains that the President's Secretary is not appealing to the country against the conservation-camp bill on the ground that that will add $1.25 or $1.50 to the tax roll of every citizen of the United States. The only time when any such appeals are made is when the money is taken out of the veterans or Government employees. That is when we hear so much about balancing the Budget.

Mr. CAREY. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from Wyoming?

Mr. CUTTING. I yield to the Senator from Wyoming.

Mr. CAREY. I should like to call the attention of the Senator from New Mexico to the fact that it was testified at the hearings the other day, when we were investigating the purchase of these kits, that the director of these conservation camps—who, I understand, never drew a very large salary before—has a salary of $12,000 a year; that he is furnished with a Cadillac car and a chauffeur; and that he has three assistants, each drawing $7,000 a year, which I consider a very fair salary, considering these cuts.

Also, I have heard that the widows of these men, if they are killed in the camps, will receive as much as the widow of an Army officer who has served in the Army all his life, or who has been killed in war.

Mr. CUTTING. I thank the Senator for that information. I had not meant to go into any question other than the one which I originally took up; but I do want to say just a word about this question, which we have been hearing about for so many years, of balancing the Budget.

Whenever the Budget is balanced at the expense of the purchasing power of the people, the Budget unbalances itself within the next week or so.

Mr. BLACK. If the argument is sound that the fact that each man theoretically would be saved $1.25 by the failure of the enactment of this measure, of course, it would necessarily follow that probably each citizen would be saved $2.50 if we do away with all compensation whatever to every soldier and put them all out of the hospitals.

Mr. CUTTING. Yes, Mr. President; and may I suggest to the Senator from Alabama that we could go farther and cut out all governmental activities whatever and have no taxation at all?

Mr. BLACK. Of course, we might go still farther and repeal the $500,000,000 appropriation. If the imposition of $170,000,000 additional in taxes would save them $1.25 apiece, repealing the $500,000,000 appropriation would save them nearly $3 apiece.

Mr. CUTTING. It is very easy to balance the Budget by having income nil and expenditures nil. That is the way about 13,000,000 people in the United States are balancing their own personal budgets today. I do not think that is the kind of budget balancing the Congress of the United States should be advised to carry out for the benefit of this Nation.

Mr. HEBERT. Mr. President, did we not have the assurance of the Senator in charge of the independent offices bill that the President himself intended to do the very things which the Senate, by its vote, has provided shall be done in relation to the treatment of veterans, and is it not true that no mention was made at that time about unbalancing the Budget?

Mr. CUTTING. Yes, Mr. President; that is quite true, and that is the point which really is vital in this whole matter.

The question is whether it is fair or unfair. The question is not whether it temporarily unbalances the Budget, because the Budget is going to continue to be unbalanced until we can find some way of building up purchasing power in this country. The kind of balance we need is a balance between the productive capacity of the country and the purchasing power of its citizenship, and that is not going to be brought about by making unjustifiable cuts at the expense of the poorest members of the community.

Mr. President, I have in my hand an article from the Philadelphia Record, which I ask to have read at the desk, because it puts this point more clearly than I can put it at the moment.

The VICE PRESIDENT. Without objection, the clerk will read.

The legislative clerk read as follows:

ONLY ONE WAY

There is only one way to increase mass purchasing power, and that is to place more money in the hands of the people.

Mass purchasing power will not be increased by balancing the Budget at the expense of veterans and Government employees.

It will not be increased by levying new taxes.

For the Government to launch a program of public works and credit expansion while imposing new taxes and balancing the Budget at the expense of the masses, is economic folly.

The Record is glad that Senator McADOO has recognized this fallacy, and that he calls for financing the public-works program by inflation.

"I do not see any reason", he declares, "why the American people should not use their credit for their own benefit instead of for the benefit of bankers and investors in tax-exempt securities.

"The proposed bond issue (for public works) will be exempt from all taxes—national, State, and local."

Senator McADOO joins the Record in calling for direct discounting of Treasury notes by the Federal Reserve banks to finance the public-works program.

This would be creation of new credit to fill the gap left by the 21-billion shrinkage of bank deposits since 1929.

The present plan, flotation of Government bonds by public sale, merely diverts existing credit to Government use. It creates no new credit except as such Government bonds may later be used as collateral for rediscounting with the Federal Reserve banks.

The Senator, as President Wilson's war-time Secretary of the Treasury, is better qualified than any other man in the country to discuss the kind of financing needed to fight the depression as we fought the war.

Close to $200,000,000 a year would be saved on interest by this method.

New deflationary and business-curbing taxes would be avoided.

The inflationary action would sustain the present rise prices, industrial activity, and the markets.

If the Roosevelt administration really wants to inflate, here is its chance.

It cannot continue to deflate while attempting to inflate.

Mr. CUTTING. Mr. President, I entirely agree with what the Philadelphia Record has to say on the subject, and I entirely agree with the program announced here the other day by the Senator from California [Mr. McADOO]. My object, however, in bringing this matter up in the first place was merely to call attention to the method of procedure.

I think that the White House secretariat ought to feel itself under peculiar restraint in the way in which it communicates with the public. It will be remembered that at one time a President of the United States used the device of a "White House spokesman", which was the subject of a good deal of comment and some ridicule at the time. I do not believe we want to go back to that system of transacting the public business.

In addition to the instance which I have already called to the attention of the Senate, I should like to mention one other matter, although it may be a less serious one.

Yesterday a number of Members of the House of Representatives were called to the White House to consult with the President on the legislation passed by the Senate last Friday. The names of those Members of the House were published in every paper in the United States; I will not repeat them here.

It is well known that those who have interviews with the President are bound by an obligation of courtesy not to give the results of any interview to the public. As a consequence these Members of Congress, of course, have had no chance to state their own point of view. The article which has been published all over the country represents the point of view of the White House. I quote one paragraph:

> When the conference broke up, shortly before midnight, the members of the congressional delegation were tight-lipped about what had taken place, and indicated that they would take a day or so to think the situation over. An outline of the talk was furnished by Stephen T. Early, one of the President's secretaries.

In other words, Mr. President, a purely ministerial clerk, a man unknown to the Constitution, not responsible to the voters, gives out his version of an interview which concerns the public interest, and the Members of Congress, responsible to the people, coming before the people next year to give an account of their stewardship, are unable to present their views on this same public matter.

I feel that that is an unfortunate way of transacting business. Either what went on is public, or it is private. If it is private, then none of it should have been published in the press. If it is public, both parties to the interview have the same right, I think, to give it to the people of the United States. That, of course, is to some extent a matter of opinion.

I feel that what Mr. Howe did rather transcends any question of opinion or dispute, and that no one can believe that the President's secretary ought to be discussing directly with the people of the United States an action taken by the Congress of the United States. If the President himself feels it his duty to oppose the measures which have been passed by Congress, of course he has that constitutional privilege and that constitutional duty. But whatever action the President may decide to take, he should take it on his own responsibility and in his own name. The White House secretariat might well be relegated to the same obscurity which has already come upon the White House spokesman.

Mr. NYE obtained the floor.

Mr. VANDENBERG. Mr. President, will the Senator from North Dakota yield to me for just one supplemental observation?

Mr. NYE. I am glad to yield.

Mr. VANDENBERG. I think the observations submitted by the Senator from New Mexico [Mr. CUTTING] are highly pertinent. I want to emphasize, however, one phase which was not, it seems to me, given its proper importance.

Mr. David Lawrence has been on the air for 7 years broadcasting, without compensation, a nonpartisan, uncolored survey of the week's political news events in the Capital. He announced a week ago Sunday that his adventure was at an end, an adventure for which he deserves high praise because of its extreme accuracy and its great unselfishness. If he is now——

Mr. NORRIS. Mr. President, may I interrupt the Senator?

Mr. VANDENBERG. I yield.

Mr. NORRIS. I only want to interrupt the Senator long enough to say that Mr. Lawrence's addresses over the radio in my judgment cannot be characterized as the Senator has characterized them. I do not want it to appear as though no one disagrees with the Senator when he says they were always fair.

Mr. VANDENBERG. At any rate, Mr. President, the Senator from Nebraska will not disagree with my statement that they were rendered in a sense of public service by Mr. Lawrence——

Mr. NORRIS. I do not know anything about that.

Mr. VANDENBERG. And were without compensation. That is the point I want to urge.

Mr. NORRIS. I take the Senator's word for that. I am not finding fault with the Senator for his view, but I do not want it to appear as though the statement made that they were unbiased was of general belief. There is at least one Senator who does not believe they were unbiased.

Mr. VANDENBERG. Mr. President, in my view, they were unbiased, and in everybody's view they were unpaid for. Therefore the bias, at least, if there was any, was not the result of compensation.

I think it is a rather serious contemplation when that radio hour is now delivered to the Presidential secretariat, if it is true that that is a matter of a dollars and cents compensation contract. The thing I am interrupting the Senator from North Dakota to suggest, with his permission, is that when Mr. Howe appears next as a witness in the conservation-kit controversy before the Committee on Military Affairs, he be requested, for his own sake and for our information, frankly to disclose the nature of his radio relationship with the National Broadcasting Co.

ST. LAWRENCE DEEP WATERWAY

Mr. NYE. Mr. President, the Great Lakes-St. Lawrence deep Waterway Treaty can be ratified and should be ratified before this session of the Senate adjourns.

Mr. LONG. Mr. President, will the Senator yield?

Mr. NYE. I yield.

Mr. LONG. I suggest the absence of a quorum.

Mr. NYE. Mr. President, I do not yield for that purpose.

The VICE PRESIDENT. The Senator declines to yield for that purpose.

Mr. NYE. Mr. President, the great project embodied in this treaty not only has the support of States bordering on the Great Lakes, including Ohio, Michigan, Indiana, Wisconsin, and Minnesota, because of the great benefits it will insure in reduced transportation costs to the producers of this country, but it also has the enthusiastic backing of the great Northwestern and the Prairie and Mountain States reaching from the upper Mississippi River to the Pacific coast.

The immediate completion of this project has been pledged to the American people by both the Republican and Democratic Parties. The Republican Party, in its convention at Chicago in 1932, adopted the following plank by a unanimous vote:

> The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway.

Mr. PATTERSON. Mr. President, will the Senator from North Dakota yield?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Missouri?

Mr. NYE. I yield to the Senator.

Mr. PATTERSON. That plank was adopted by the Republican Party prior to the time when this treaty was negotiated, was it not?

Mr. NYE. I understand it was, but has there been anything to indicate that the treaty that has been negotiated is repugnant to the Republican Party?

Mr. PATTERSON. Yes, indeed; there have been a number of things that have transpired since that time. Among other things, we surrendered by the treaty our sovereignty over Lake Michigan, something that we have insisted upon for more than a hundred years.

Mr. NORRIS. Mr. President, will the Senator from North Dakota yield to me?

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Nebraska?

Mr. NYE. I yield.

Mr. NORRIS. The Senator from North Dakota asks whether there is any difference between the project as the Republican Party endorsed it and the treaty now pending. I think there is one difference, and there is only one that I know of. There has been an amendment to the treaty that

takes away from Mr. Mellon and his associates the perpetual right that they otherwise would have had.

Mr. PATTERSON. Mr. President, will the Senator from North Dakota yield to me?

The VICE PRESIDENT. Does the Senator from North Dakota yield further to the Senator from Missouri?

Mr. NYE. I yield.

Mr. PATTERSON. So far as the people of my State are concerned, they are not influenced in their position upon this treaty by the position of either Mr. Mellon or Mr. Morgan or anybody else. They are influenced principally by the fact that, under the terms of the treaty, we shall not have a sufficient diversion of water from Lake Michigan to establish a commercially successful waterway from Lake Michigan to the Gulf, which is of more importance to the section of country which the Senator from Nebraska [Mr. NORRIS] represents and the section of the country which I represent and the section of the country which the Senator from North Dakota represents than is the seaway through the St. Lawrence route.

Mr. NYE. Mr. President, I cannot agree for a moment that the development of the Mississippi River would mean as much to my State as would the development of the St. Lawrence waterway.

Mr. NORRIS. Mr. President——

Mr. NYE. I yield to the Senator from Nebraska.

Mr. NORRIS. Since the State of Nebraska has been mentioned, and since that State is a part of the great Mississippi Valley, if the Senator from North Dakota will permit me, I should like to say that when the Republican platform was adopted and when in two national campaigns the argument was made that a certain individual had to be elected President in order to get the St. Lawrence Canal dug, and the Republican Party endorsed it, there was not any limitation suggested in regard to the taking of water from the Great Lakes to supply a canal to the Mississippi River, but everybody believed, in those two campaigns, that the promise was made in good faith, and that we were going to have the St. Lawrence waterway. Now we are confronted with the situation that, because of a filibuster or because of some other arrangement, we are not going to get it.

Mr. PATTERSON. Mr. President——

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Does the Senator from North Dakota yield to the Senator from Missouri?

Mr. NYE. I yield.

Mr. PATTERSON. At the time the plank in the Republican platform was drafted it was never even dreamed by the people of the country that our representatives were going to surrender a right that we have always claimed, of sovereignty over Lake Michigan, a purely American lake, supplied by an American watershed, and therefore there was not any reservation made in regard to it. If it had been suggested that there was a possibility of our representatives surrendering their dominion and their sovereignty over that lake, which they had asserted for more than a hundred years, then there would have been at least a fight to have had that kind of reservation made.

Mr. NORRIS. I suppose if it had been known that the question was going to arise, the people of Maryland would have risen up in arms against the proposal to take water out of Lake Michigan in order to increase the navigability of the Mississippi River.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Louisiana?

Mr. NYE. I yield.

Mr. LONG. As the Senator from Nebraska will recall, the two conventions were held before this treaty was negotiated; and in the Democratic convention—and I see the Senator from Arkansas looking through the document, and if he finds the Democratic plank in time, I will appreciate him handing it to me in order that I may quote just what we did say—we did not have any objection to letting them take pickaxes and shovels and digging a canal up there, but when it comes to negotiating a treaty under which the American people will be taxed several hundred million dollars for building a canal in Canada and at the same time internationalizing a lake which is ours and which we need in order to get water into the Mississippi River so as to afford navigation to the Gulf, that is another matter.

Mr. NORRIS. I suppose at the time the Democratic platform was adopted, the Democrats did not know that the St. Lawrence River went through Canada, and that if it were developed at all, it would be necessary to go into Canada to do it.

Mr. LONG. That was perfectly all right, Mr. President; we did not object to Canada developing the St. Lawrence waterway, but we did object to the St. Lawrence waterway in Canada with Canadian labor and Canadian materials being constructed with American money, and we further did not approve of the boasted plan that they were going to take the American Lake Michigan, supplied, as the Senator from Missouri states, from American watersheds, away from us, after we had spent hundreds of millions of dollars and billions of dollars and committed ourselves to the expenditures of more hundreds of millions of dollars; that they were going to take this lake, which is necessary if we are to have a navigable river the year round, divert its waters to the St. Lawrence, make it an international lake, and in the words of the Toronto newspaper, "forever kill the hope of there being such a thing as an all-the-year-round waterway from the Great Lakes to the Gulf." Now, that was not contemplated; none of those things were contemplated by the Democratic platform or by the Republican platform, and Mr. Hoover would have been the interpreter of both platforms after the two were made if we should stand for this kind of a proposition.

Mr. NYE. Mr. President, if the Senator will permit me to finish reading the Republican platform, I shall refer to the pronouncement of the Democratic convention with respect to the waterway matter. I repeat the Republican platform:

> The Republican Party stands committed to the development of the Great Lakes-St. Lawrence seaway. Under the direction of President Hoover, negotiation of a treaty with Canada for this development is now at a favorable point. Recognizing the inestimable benefits which will accrue to the Nation from placing the ports of the Great Lakes on an ocean base, the party reaffirms allegiance to this great project and pledges its best efforts to secure its early completion.

At the convention of the Democratic Party the committee which drafted the platform reported a plank strongly endorsing the St. Lawrence project. That plank had been submitted with the approval of Governor Roosevelt himself, prior to his nomination for the Presidency. Through some influence, that plank was eliminated without a word of discussion on the convention floor; but, as his first act as the nominee of his party for the Presidency, Governor Roosevelt specifically pledged the immediate completion of the project embodied in the pending treaty.

On July 9, 1932, he said:

> I am deeply interested in the immediate construction of the deep waterway as well as in the development of abundant and cheap power * * *. With * * * an agreement between the Federal administration and the State of New York, it would be my hope that it would be possible to submit a treaty to the Senate for immediate and, I hope, favorable action as soon as signed * * *. Early and final action on this great public work * * * would be greatly to the public interest. It has already been too long delayed.

On July 30 Governor Roosevelt addressed the people of the entire Nation over the radio from the executive residence at Albany. In that speech he interpreted the Democratic platform, stating that it was a contract with the people and that every pledge would be faithfully carried out as written. In this address he said:

> We advocate * * * expansion of the Federal program of necessary and useful construction affected with the public interest, such as flood control and waterways, including the St. Lawrence-Great Lakes deep waterway * * *.

Thus the present administration and the Republican Party are unequivocally pledged to this great project, embodied in a treaty which has twice been favorably reported

by the Foreign Relations Committee with only two dissenting votes.

For a number of years I had the honor to serve on the Committee on Public Lands with the late Senator from Montana, Thomas J. Walsh. More than any other Member of this body, he had studied the project of opening the Great Lakes to the sea, and was its leading advocate on this floor. He had studied exhaustively the effect of this project on the entire country, and had become convinced that it would be of inestimable benefit in the development not only of the States bordering on the Great Lakes but of the immense interior section lying between the Lakes and the Pacific coast. The last official act of our late colleague's life was to appear at a session of the Foreign Relations Committee to sum up the evidence presented at the hearings of that committee and to secure a favorable report on the pending treaty by an overwhelming vote.

I venture to say that this treaty has been debated at more length and has had more careful consideration in committee and in the executive departments of the Government which have dealt with it than any measure which has been considered at this session of Congress. It is a nonpartisan measure; it has been pledged by both parties.

I have made some investigation, and I am able to state on the floor today that at least two thirds of the Republican Membership in this body is ready to vote on this treaty before adjournment and to carry out the solemn pledge which was made at Chicago by the Republican Party at its convention.

If this treaty shall now fail and its consideration shall be put off for another year, it will only be because of the obstructive tactics of a very small group which seems determined to thwart the fulfillment of the pledge made by President Roosevelt. This same group offered no opposition to the railroad bill, canceling the debt of $350,000,000 owed by the railroads to the Federal Treasury. That bill was debated and passed in a single afternoon. The $350,000,000 debt of the railroads to the Public Treasury, which is canceled by that bill, would, if paid into the Treasury, pay the entire Federal cost of the St. Lawrence project, officially estimated at $168,000,000, and leave a surplus of $182,000,000, which might be expended on the development of the Missouri, the Ohio, the Mississippi, and other waterways.

The combination which has been formed to block this treaty by a filibuster is one of the strangest in the history of legislation in this body. The leader of the opposition to the treaty is the Senator from Louisiana [Mr. LONG]. The defeat of the St. Lawrence project and the continued bottling up of the Middle and North West, dependent for access to the sea upon its completion, will inevitably doom the further development of the lower Mississippi River. Once we begin to legislate here on sectional grounds, we are certain to imperil flood-control measures, waterway projects, and other useful developments which have heretofore had the support of the representatives of the Middle and North West.

It is well understood from whence the opposition to this treaty comes. The Chamber of Commerce of the State of New York has been leading the fight against the St. Lawrence project for more than 10 years. It bitterly opposed the Muscle Shoals development on the Tennessee River. It has repeatedly condemned the development of the Mississippi River and the utilization of that stream for navigation purposes.

The Senator from Wisconsin [Mr. LA FOLLETTE] has shown that out of 1,538 members of this chamber, only 142 give an address outside of the city of New York, and not more than 10 can in any sense be considered as representing the business interests of the State of New York at large.

It has been shown that 13 of the partners of J. P. Morgan & Co. are also members of the Chamber of Commerce of the State of New York. Junius S. Morgan, Jr., the son of J. P. Morgan, is the treasurer of the organization.

The investigation by the Banking and Currency Committee shows that on the preferred lists which have been made public, J. P. Morgan & Co. has generously distributed over 500,000 shares of stock among the membership of the Chamber of Commerce of the State of New York.

We of the Northwest well understand why J. P. Morgan & Co. and allied interests are opposed to the St. Lawrence project. The direct interest of Morgan in the power and public utility industry has been revealed. The completion of the St. Lawrence project means the development of 1,100,000 horsepower on the St. Lawrence River in the State of New York, to be owned and operated by the people of the State through the power authority. Morgan and associated bankers who control the Niagara-Hudson Corporation, the leading private utility of New York State, fear this public competition and are determined to block it, just as they opposed the completion of the Muscle Shoals project.

We of the Northwest also well understand the direct interest of J. P. Morgan & Co. in blocking the development of the Great Lakes and the St. Lawrence River for navigation purposes. The leading trunk lines from New York City to Chicago are Morgan-controlled. Although this project will benefit the railroads of the entire West and South, the Morgan roads are determined to block any waterway development which will provide competition against their monopoly of transportation between Chicago and New York.

My State has for years looked forward to such advantages as would flow to it in an economic way through an outlet to the sea by way of the Great Lakes. Such an outlet would mean millions of dollars saved to North Dakota annually. One thousand five hundred miles from the Pacific, 1,500 miles from the Atlantic seaboard, 1,500 miles from the Gulf of Mexico, I think my State can be said to be farther than any other from the seaboard. When it is considered that a large part of the products of the State enter into export, it must be agreed that North Dakota would be exceedingly interested in any proposal which would lessen the transportation costs involved in the moving of our wheat, barley, and rye. Our average marketable surplus of these grains is approximately 125,000,000 bushels. The low estimate of a 3-cent saving possible through transportation through the projected St. Lawrence waterway would mean nearly $4,000,000 to my State annually on grain alone. A higher, yet conservative, estimate of savings of 6 cents per bushel possible through the completed waterway would add well over $7,000,000 to the buying power of the people of North Dakota. Alva H. Benton, of the North Dakota Agricultural College, has declared that the waterway would add sufficient millions to the people of North Dakota to equal the interest on the total United States investment in the seaway project so far as navigation outlays are concerned.

In addition to savings to be enjoyed in our production of grains, our large and increasing production of livestock, poultry, and dairy products would be in line for benefits through the waterway. Then, too, we have every right to expect that savings can be enjoyed in the matter of goods brought into the State under waterway means, aiding in the reduction of living costs within the State.

It is not difficult to understand the New York City attitude which is so adverse to ratification of the St. Lawrence treaty. That city would naturally be adverse to any proposal that would place interior points nearer to the foreign ports with which America trades. The distance from the port of New York to Liverpool is the same as the distance from Cleveland, Ohio, to Liverpool through the St. Lawrence. When that is considered, it is not difficult to understand the growth that would come to cities like Cleveland, Detroit, Chicago, Milwaukee, and Duluth with the advent of oceanic transportation into the Great Lakes. The growth of these cities would revert at once to the advantage of the great territory about them. The farmer in the Northwest would enjoy a greatly improved domestic market while improving his chances in the foreign market.

The treaty, which is on our calendar and awaiting our action, ought to be straightway acted upon and ratified. As for myself, I will gladly share any part of the responsibility which would fall upon those who might engage in uncompromising effort to keep Congress in session until the treaty is ratified. The waterway project offers too great an

opportunity in our present battle to effect economic recovery to permit of continued delay in its consideration and ratification.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 5012) to amend existing law in order to obviate the payment of 1 year's sea pay to surplus graduates of the Naval Academy.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the Vice President:

S. 510. An act to provide for the establishment of a national employment system and for cooperation with the States in the promotion of such system, and for other purposes; and

H.J.Res. 192. Joint resolution to assure uniform value to the coins and currencies of the United States.

RELIEF OF HOME OWNERS

The Senate resumed the consideration of the bill (H.R. 5240) to provide emergency relief with respect to home-mortgage indebtedness, to refinance home mortgages, to extend relief to the owners of homes occupied by them and who are unable to amortize their debt elsewhere, to amend the Federal Home Loan Bank Act, to increase the market for obligations of the United States, and for other purposes.

Mr. BULKLEY. Mr. President, the home owners' loan bill (H.R. 5240) passed the House of Representatives somewhat more than a month ago, was favorably reported by the Senate Committee on Banking and Currency, and has been on the Senate Calendar for about 2 weeks.

Mr. FESS. Mr. President, will my colleague yield to enable me to suggest the absence of a quorum?

The PRESIDING OFFICER. Does the Senator from Ohio yield to his colleague for that purpose?

Mr. BULKLEY. I yield for that purpose.

Mr. FESS. I think we ought to have a quorum. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Robinson, Ind.
Ashurst	Costigan	Keyes	Russell
Austin	Cutting	King	Schall
Bachman	Dale	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Steiwer
Barbour	Dill	Lonergan	Stephens
Barkley	Duffy	Long	Thomas, Okla.
Black	Erickson	McAdoo	Thomas, Utah
Bone	Fess	McCarran	Thompson
Borah	Fletcher	McGill	Townsend
Bratton	Frazier	McNary	Trammell
Brown	George	Metcalf	Tydings
Bulkley	Glass	Murphy	Vandenberg
Bulow	Goldsborough	Neely	Van Nuys
Byrd	Gore	Norris	Wagner
Byrnes	Hale	Nye	Walcott
Capper	Harrison	Overton	Walsh
Caraway	Hatfield	Patterson	Wheeler
Carey	Hayden	Pope	White
Clark	Hebert	Reed	
Connally	Johnson	Reynolds	
Coolidge	Kean	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present.

Mr. BULKLEY. Mr. President, as the home owners' loan bill has been favorably reported and on the Senate Calendar for about 2 weeks, I assume that a very brief explanation of the structure and provisions of the bill will be sufficient.

For direct relief to home owners, the bill provides for the organization of a home owners' loan corporation to deal directly with owners occupying their homes or holding the same as their homestead, although temporarily residing elsewhere, provided the home is built for not more than four families and has a value of not more than $25,000.

The corporation is to function for a period of 3 years, after which it will begin to wind up its affairs. During that 3-year period it is directed to exchange its bonds for mortgages on such homes and to pay any accrued taxes, assessments, necessary maintenance and repairs, and incidental costs in cash, provided the mortgagee will consent to take the bonds for the mortgage, and may make such exchanges and pay such cash up to a total of 80 percent of the value of the property. Thereupon the corporation will carry the home-owner's indebtedness in the form of a first lien on the home for a period of 15 years, amortized monthly, or, in case the necessity of the home owner requires it, amortized quarterly, semiannually, or annually; and the interest to be charged is not exceeding 5 percent.

The corporation is also directed to make advances in cash to pay taxes, assessments, necessary maintenance, and repairs on property otherwise unencumbered up to the same percentage and amortized in the same manner and at the same rate of interest. It is authorized, in its discretion, to take up mortgages in cash up to 50 percent of the value of the property where the mortgagee will not take the bonds. Such loans would be amortized over a 15-year period and carried at the same rate borne by the mortgage taken up.

The corporation is directed to make rules for the appraisal of the property to accomplish the purposes and intent of the act.

Provision is made for the corporation to extend the payments in case the necessity of the home owner requires extension and the condition of the security permits.

The bill provides for the Secretary of the Treasury to subscribe $200,000,000 of capital in the corporation, to be paid from funds procured from the Reconstruction Finance Corporation, and authorizes the corporation to issue $2,000,000,000 of bonds, bearing interest at the rate of 4 percent per annum and maturing in not exceeding 18 years, the interest only on which is guaranteed by the United States.

The bill also provides for the Home Loan Board to charter Federal savings-and-loan associations in communities not now served by any institution or other lender on homes, so that provision may be made for the financing of homes in about one half of the counties in the United States now having no such facilities. These associations are intended to be permanent associations to promote the thrift of the people in a cooperative manner, to finance their homes and the homes of their neighbors.

To enable the Board to promote and develop these associations in areas not now served, an appropriation of $250,000 is authorized. To encourage the people to save their funds in these associations, and to provide funds for lending on homes, provision is made for the Secretary of the Treasury to subscribe not exceeding $100,000 of preferred stock in any one of such associations, provided the local population have actually subscribed and paid in cash for stock therein as much as the Secretary of the Treasury subscribes and pays; and an appropriation of $100,000,000 is authorized to enable the Secretary of the Treasury to take this stock. This provision is intended to promote cooperative home financing and to raise substantial sums of money from private savers, which will be used, together with the funds subscribed by the Secretary of the Treasury, to make loans on homes; and these associations are made members of the Federal home-loan banks so that they may borrow on these mortgages additional sums to lend on homes. The result of this process is, as these associations are developed, to produce two or three dollars of funds for home loans for each dollar advanced by the Treasury.

The Committee on Banking and Currency has reported a single amendment in the nature of a substitute. I shall take but a moment to outline the principal changes that have been suggested as compared to the bill which passed the House.

The House bill contained a limitation on homes on which bonds may be exchanged to dwellings for not more than three families. The Senate committee amendment proposes to increase that limit to four families.

The House bill contained a limitation of $10,000 upon any one loan that might be made by the home owners' loan cor-

poration. That $10,000 limit is struck out in the Senate bill, and the limit is 80 percent of the value of the home.

The value of a home on which a loan may be made has been increased in the Senate bill to $25,000, having been $15,000 in the House bill.

The House bill provided that cash advances might be made to take up mortgages in cases where the value of the premises was such that the loan would not be more than 30 percent of that value. The Senate committee recommends that that limit be raised to 50 percent.

In the section of the bill providing for the Federal savings-and-loan associations the amount which they may lend on any one property has been increased from $15,000, as carried in the House bill, to $20,000, as recommended by the Senate committee.

The amendments recommended by the Senate committee are, therefore, all in the direction of liberalizing the measure.

One item of policy has been added by the Senate committee. That is, it requires the central board at Washington to make uniform rules for the appraisal of homes.

Mr. HAYDEN. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. MURPHY in the chair). Does the Senator from Ohio yield to the Senator from Arizona?

Mr. BULKLEY. I yield.

Mr. HAYDEN. What is the estimated total amount of the home mortgages in the United States at the present time?

Mr. BULKLEY. It is understood that there are about twenty-one billions of home mortgages in the United States at the present time. Of that amount somewhat more than half would be eligible for loans by exchange of bonds of this proposed corporation. Those that are not eligible are second mortgages, or mortgages on homes which exceed the limit of value provided by the bill.

Mr. HAYDEN. But the amount of the bonds authorized under this bill, as I understood the Senator, is $2,000,000,000.

Mr. BULKLEY. Yes.

Mr. HAYDEN. And the amount of eligible loans is some ten or eleven billions.

Mr. BULKLEY. Yes; and that is a very important point. The bill has been so devised as not to attempt to take over the entire home-loan mortgage indebtedness of the United States. It is not thought that that is a proper function of the United States Government. The bill is devised to take over those mortgages which are in distress. It is regarded as an emergency matter, to relieve those who are unable to carry on with their payments on their home mortgages.

Mr. BRATTON. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield to the Senator from New Mexico.

Mr. BRATTON. On page 19, beginning at line 9, section 3 of the bill repeals subsection (d) of section 4 of the Federal Home Loan Bank Act, providing for direct loans to home owners.

Will the Senator tell us why the committee thought it advisable to repeal that provision of the original act?

Mr. BULKLEY. That was on recommendation of the Home Loan Board. That section of the Home Loan Act has been but very little used, and has not been satisfactory. The difficulty has been that the Home Loan Board has not had the machinery to make individual loans. Loan associations have been organized more or less throughout the country, and have the facilities for examination and negotiation of loans, and have handled the business much more satisfactorily than the Home Loan Board has felt that it was possible for the home-loan banks to handle it.

Mr. BRATTON. Let me say to the Senator that the original act has not operated satisfactorily at all in my section of the country, for this reason:

The home-loan bank would make a loan to a building-and-loan association at a reasonable rate of interest, say 5 or 6 percent. The building-and-loan association, in turn, would lend that money to distressed home owners at 10 and 12 percent, and in that way would enjoy the spread between 5 and 6 percent on the one hand and 10 and 12 percent on the other. At the same time, these distressed home owners would write to the home-loan bank at Little Rock, Ark., making application for a direct individual loan; and they would receive back, without exception, a stereotyped form of letter, merely saying in substance that the Home Loan Act was drawn very conservatively, and therefore that the application was rejected.

Does the Senator think it is feasible or practicable to continue a system under which the home-loan bank turns a deaf ear to a distressed owner in that language, and at the same time lends its funds to these building-and-loan associations at 5 or 6 percent, and permits them to lend them in turn to the individual home owner at 10 or 12 percent?

Mr. BULKLEY. I should say that that is a very distressing situation. It has seemed to the committee, as it has seemed to the Home Loan Board, obvious—to take the example just instanced by the Senator—that the bank situated at Little Rock cannot well deal directly with the individual home owner out in New Mexico.

The pending bill proposes to relieve that situation in two ways: In the first place, in all cases where there is immediate distress, where a home owner is unable to make the payments on his existing mortgage, the home owners' loan corporation provided by the pending bill is prepared to offer its bonds, with interest guaranteed by the Government, carrying 4-percent interest, and to make those bonds available for exchange for the mortgage up to 80 percent of the value of the premises mortgaged. In addition to that, the bill provides for the organization of local Federal savings-and-loan associations, which will be cooperative institutions in the several communities, so that in communities that have been inadequately served—and I should say the example given by the Senator from New Mexico is a clear example of inadequate service—these new savings-and-loan associations may be organized with the help of subscriptions from the Treasury of the United States.

Mr. BRATTON. But the point I raise with the Senator is that the provision in the original act which authorized the Federal home-loan bank to make a direct loan to the owner should not be repealed. On the contrary, it should be continued in force, and the bank encouraged to make the loan to the individual home owner.

The Senator says that these home-loan banks have not had the facilities with which to inspect property, and appraise property, and to make the necessary investigation. Perhaps that is a handicap, and it may be difficult to overcome it. Assuming that to be true, however, instead of repealing the provision in the existing law it seems to me we should continue it, and then endeavor to overcome the handicap; because I suspect that every Member of this body has had case after case come under his personal observation where a home owner is on the verge of losing his property, and he applies to the home-loan bank for relief, and he receives a short letter telling him that under the terms of the act a loan of that kind cannot be made.

A loan of that kind can be made; indeed, a loan of that kind could have been made at any time since the act was passed. Despite that fact, the home-loan bank at Little Rock, Ark., has written repeatedly, over and over again, a 2- or 3-line letter, saying, in substance, "This act is conservatively drawn, and therefore you are not eligible."

I do not doubt for a moment that the system has the difficulties and the handicaps which the able Senator from Ohio suggests, but instead of abandoning the system because it is burdened with those handicaps, we should attack the problem from that point and undertake to solve the difficulty.

We should make it not only possible, but practicable, for a home owner to go immediately and directly to his home-loan bank and, if it has the money and he has the security, to borrow the money, instead of relegating him to a building-and-loan association which requires 10 or 12 percent for the money it borrows from the home-loan bank at 5 or 6 percent. I have no complaint against building-and-loan associations as such. They are entitled to exist, they are entitled to make a fair return, but I protest against them using the act we passed a few months ago to obtain money at 5 or 6 percent and then lending it to distressed home owners, persons

on the very verge of losing the accumulations of their lifetime, at 5- or 6-percent profit. Instead of repealing that provision, it should be continued, and, if possible, made more feasible and more workable.

Mr. HEBERT. Mr. President, will the Senator from Ohio yield?

Mr. BULKLEY. In just a moment. In my opinion, there is no justification for a building-and-loan association charging 10 or 12 percent; I do not want to be understood as condoning that at all.

Mr. BRATTON. I was sure the Senator would not.

Mr. BULKLEY. It seems to me that the bank making those loans might well be required to take some steps to insure that the borrowers are more reasonably and fairly treated. But I wish the Senator would consider this, that if we provide that the home-loan bank should itself make loans directly to home owners, it would go into direct competition with the local associations. How could such competition go on? Must not the home-loan bank, if it gives satisfactory service, ultimately drive out all of the local associations and monopolize the business?

Mr. BRATTON. It would not be in competition any more than a Federal land bank is in direct competition with mortgage companies which lend money to farmers. A farmer may go to a Federal land bank and obtain a loan.

Mr. BULKLEY. That is not quite accurate. The farmer goes to the local farm association, and the association takes the mortgage to the Federal land bank.

Mr. BRATTON. But the association is just a group of farmers in the community; and while the farmer goes through the association, the association is one without capital, it is composed of a number of farmers; and, after all, the individual farmer obtains the money direct from the Federal land bank. So I should say that the suggestion of the Senator that the home-loan bank would be in direct competition with the building-and-loan association is no truer than it is to say that a Federal land bank is in direct competition with private corporations lending money to farmers.

Mr. BULKLEY. The Senator is slightly in error in saying that the farm-loan associations have no capital. They do have a capital, and their organization very closely parallels the organization we here propose of Federal savings-and-loan associations. It is not exactly the same, because people may buy stock in Federal savnigs-and-loan associations without being borrowers, and they may borrow without owning stock, whereas the organization of the farm-loan associations is one exclusively of borrowers; so the parallel is very close.

Mr. BRATTON. The parallel is very close. The Senator says that the local associations under the Federal Land Bank Act have capital. Perhaps in a technical sense that is true, but in actual operation the farmer borrows direct from the Federal land bank of his district. It is not an answer to the objection that a home-loan bank cannot lend money direct to a distressed home owner, but it is possible for a building-and-loan association to borrow money from the home-loan bank and to enjoy a substantial profit when it lends to the home owner.

Mr. BULKLEY. So far as the distress of the home owner is concerned, I hope the Senator is not overlooking the very important provision in this bill which sets up the home owners' loan corporation expressly to deal with cases of distress and offers the exchange of the bonds directly to the individual mortgagor in all cases where the mortgagor is in distress.

Mr. BRATTON. Let there be no mistake about my position. I favor the bill; I am not opposing it; and if it cannot be amended in certain respects, I shall vote for it as it is now written. It seems to me, however, that the provision to which I have called attention should be stricken out. We should allow the home-loan banks to continue to have authority to make direct loans, whether they exercise it or not.

It may be that the bank at Little Rock, to which I have already directed attention, will continue the policy which I have already reviewed. I do not agree with that policy. It should be changed; a different attitude should be assumed toward these home owners. But certainly we should not repeal the law which gives the home-loan bank the power to make loans direct to home owners.

Suppose we find a home owner in a town or a village which has no building-and-loan association. His home constitutes adequate security for the amount of money desired, but he cannot get it through a building-and-loan association. He turns to the home-loan bank, say, the one at Little Rock; he tenders his home as security for a loan; he is told that the act is drawn conservatively and that he is not eligible. The only thing which remains for that home owner to do is to surrender his home to the mortgagee and start anew.

Mr. BULKLEY. That will not be true if this bill is enacted.

Mr. BRATTON. This bill is an improvement. I concede that. I commend the committee for the work it has done on the subject matter. It is one phase of the situation to which I call attention.

Mr. BULKLEY. Let me say this further to the Senator. I want to be very frank about it; it is easy to think of ways in which the home owners can be benefited more than they will be benefited by this bill.

Mr. BRATTON. I appreciate that.

Mr. BULKLEY. The effort of the committee has been to give the maximum amount of help we can justify with reasonable outlay of Government funds.

Mr. BRATTON. I appreciate that.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. BULKLEY. I yield.

Mr. ROBINSON of Arkansas. The provision of the Home Loan Act authorizing direct loans under certain conditions has not operated successfully. The banks are not equipped to make direct loans. They have not been able to apply that provision with any special degree of effectiveness.

The pending bill is intended to take care of direct loans, and it segregates them from the home-loan banks which make loans to the institutions which are concerned with financing home owners.

After having studied the subject from every standpoint I can conceive of, I think it would be a mistake to continue in the home-loan bank the authority to make direct loans, because they do not make those loans. It results only in complaints. It results in confusion and disappointment. But if this bill shall be enacted, many direct loans will be made, and there will not be a duplicate system of making those loans.

Mr. BULKLEY. Mr. President, I thank the Senator for that suggestion, and I want to call attention to this further point. Not only would any liberalization we made in this bill cost the Treasury large additional sums but, by the same token, it would tend to dry up the investment of private capital in home loans. We have endeavored to interfere as little as possible with the situation, so that private funds may continue to be available to make loans on homes.

Mr. BRATTON. Mr. President, the Senator from Arkansas was not present when I reviewed the manner in which the bank at Little Rock, Ark., has conducted its business in my State. I appreciate fully the suggestion of the Senator that those banks have not been equipped to establish district-wide facilities to operate in every town. Of course, that would be expensive, and perhaps they have not been able to do it.

So far as my State is concerned, the bank at Little Rock has lent money to building-and-loan associations at a reasonable rate of interest, say, 5 or 6 percent, and those building-and-loan associations in turn have lent that money to distressed home owners at 10 to 12 percent, and I have been told that, by direct and indirect methods, they have exacted as high as 14 percent from distressed home owners. To my mind, that is indefensible; if a home-loan bank has a certain amount of money to lend, and it must do one or the other of two things, either lend it to home owners, a smaller number, and bear the added expense of inspecting the

property, on the one hand, or lend it in large quantities to building-and-loan associations, to be used in the manner I have indicated.

Mr. ROBINSON of Arkansas. Mr. President, the Senator's suggestion would require a complete revision and reorganization of the home-loan system.

Mr. BULKLEY. It would; it would be an entirely different principle of lending the money.

Mr. ROBINSON of Arkansas. The home-loan bank was not organized primarily to make direct loans. As a matter of fact, as I remember it, the provision in the bill permitting direct loans was incorporated at the instance of some Senators, including myself, on the very theory which the Senator from New Mexico advances, that there would be cases where home owners would not have access to building-and-loan associations, would not be able to avail themselves of advances through building-and-loan associations, and where hardships would result. But, according to the best information I have, none of these banks have made any material number of direct loans, and the system is not constructed with that in mind. The pending bill, however, is purely a direct-loan bill, and, of course, there would be no necessity for two systems if both were to operate alike. The object of this bill is to supplement the home-loan bank system and provide direct loans in certain cases.

Mr. BULKLEY. That is exactly correct. The judgment of the Home Loan Board and of the Banking and Currency Committees of both Houses is that the method provided by this bill is the practical one by which to meet the situation. Now I yield to the Senator from Rhode Island.

Mr. HEBERT. Mr. President, I well remember that it was the consensus of opinion here that under the home-loan bank bill it was not intended there should be any direct loans except in extreme cases where a building-and-loan association was not available to the borrower, or something of that kind. The provision was put there to take care of those extreme cases only, and, I take it, that the Home Loan Bank Board was never organized in a way to enable it to make such direct loans, though it is a regrettable fact, and many cases have been brought to my attention, where real service could have been rendered to a home owner had it been possible for him to get such a loan.

The Senator from New Mexico [Mr. BRATTON] referred to the borrowings of building-and-loan associations and the reloaning of such funds at a high rate of interest. I wonder if he has taken into account that in that 10-percent interest rate probably a part of it is used for amortization of the mortgage?

Mr. BRATTON. Oh, yes.

Mr. HEBERT. Probably 4 percent is used for amortization of a mortgage; so that. in the final analysis, the borrower only pays 6 percent real interest. That is the case in my section of the country, and I very much question if building-and-loan associations have really charged a 10-percent flat rate of interest for money which they have loaned to home owners.

Mr. BRATTON. My information is that they have. The Senator has stated that the provision authorizing direct loans was inserted in the act only to meet extreme cases. So far as my information goes, the several home-loan banks throughout the country have never found what they regarded to be an "extreme case"; at least, they have never made a direct loan.

Mr. HEBERT. I can agree with the Senator as to that. I am quite familiar with the practice of the Home Loan Bank Board, and I know of no instance where it has made a direct loan; and yet I have had cases brought to my attention which indicated, to me at least, that they were extreme cases, and that consideration should have been given to them.

Mr. BRATTON. May I have just one word further with the Senator from Ohio, and then I shall not trespass further upon his time?

Mr. BULKLEY. Certainly.

Mr. BRATTON. Some home owners throughout the country understand that this bill requires that the owner actually occupy the building or premises as a home; that is, that he must occupy it physically in order to be eligible for a loan.

Mr. BULKLEY. There is an exception to that—if it is held as his homestead.

Mr. BRATTON. As his homestead; so that, although he and his family may be elsewhere, if the premises constitute his homestead, he is eligible for a loan?

Mr. BULKLEY. That is correct.

Mr. BRATTON. Now, let me ask the Senator what relief a home owner could reasonably expect under this bill if his premises were situated in a town not having building-and-loan-association facilities? How would he proceed to obtain a loan under the bill?

Mr. BULKLEY. If it is a distress loan, one of the character of loans which come under the first part of the bill, eligible for exchange of bonds with the home owners' loan corporation, there is no intermediary in the shape of a local association, so that it would make no difference where the borrower is situated, other than the physical difference of such travel as might be necessary to the nearest agent of the corporation.

With respect to new financing, this bill provides for the incorporation of Federal savings and loan associations, the very purpose being to have such associations organized in every county in the country. There are about half the counties in the country now that do not have any local savings and loan associations at all, and the purpose of this is to bring the benefits of the proposed legislation home to everybody, with the assistance of subscription by the Federal Treasury.

Mr. BRATTON. How long does the Senator think it will require to create these agencies throughout the country? I have in mind literally thousands of home owners who are in distress and threatened with immediate foreclosure, and they are looking forward to this legislation to save their homes. If it will require several months to establish the organization machinery——

Mr. BULKLEY. In distress cases the home owner may deal directly with the home owners' loan corporation without any intermediary at all. The board expects to have the corporation set up within a few days after the enactment of the law.

Mr. BRATTON. The home owners loan corporation is to be conducted by the Home Loan Bank Board?

Mr. BULKLEY. Yes; the Home Loan Bank Board by this measure is made the board of directors of the home owners' loan corporation.

Mr. BRATTON. If they shall not expedite the administration of this proposed law and get relief to the people more quickly and more efficiently than they have done under the original act, there will be little hope for the distressed owners throughout the country.

Mr. BULKLEY. There is this difference: The original Home Loan Board had to set up districts for the whole United States and organize home-loan banks in each of the districts before operations could begin at all. The Home Loan Board now has its own organization and by this measure itself becomes the body corporate that is here provided, so that it is ready to act at once, and it is the very home owners' loan corporation itself which deals with everyone and not through the intermediary even of the home-loan bank.

Mr. BRATTON. It makes direct loans?

Mr. BULKLEY. It makes loans directly.

Mr. BRATTON. The Senator thinks that because the machinery has already been set up, the districts have been formed, and the personnel has been selected——

Mr. BULKLEY. The districts have nothing to do with this; the central body deals directly.

Mr. BRATTON. Where will the central body be located?

Mr. BULKLEY. In Washington, but it will have its agents throughout the country.

Mr. BORAH. Mr. President, I hope the Senator will pardon me for asking some of the questions I am about to ask, but I myself am not familiar with the bill sufficiently to answer them. What I am interested in is the

subject which the Senator from New Mexico has been discussing; that is, how speedily and how effectively, under this bill, may the individual who has a home upon which he wants a loan, obtain relief?

Mr. BULKLEY. There is no legal complication whatever. The board will become a corporation immediately; it will have funds immediately; and it will have the capacity to issue bonds immediately. Of course, there is the physical question of having the bonds engraved, and putting its agents out into the field to find places where loans are needed, but there is no reason for delay on account of the legal problem at all.

Mr. BORAH. With whom will the individual owner deal? Will he deal with the Board of which the Senator speaks?

Mr. BULKLEY. Yes; the Board will have its local agents throughout the country. It will establish offices undoubtedly at the home-loan banks which are already in existence; but it will have, of course, subsidiary offices in many more cities. There are only 12 home-loan banks, but they will have many more than 12 offices.

Mr. BORAH. The old Home Loan Act, so far as the individual owner was concerned, was a total failure; it might just as well never have been passed so far as he was concerned.

Mr. BULKLEY. I do not want to argue that with any great vigor.

Mr. BORAH. No; I imagine none of us do.

Mr. LEWIS. The Senator from Ohio means he does not wish to contest that fact?

Mr. BORAH. Yes; but what I want to know is in what respect does this bill improve the law so far as the individual home owner is concerned?

Mr. BULKLEY. So far as the distressed owner is concerned, it gives him an immediate means of getting out by the exchange of the bonds of this corporation and by direct negotiation.

Mr. BORAH. The Senator says "the distressed owner." Who is to pass upon the question of distress?

Mr. BULKLEY. It will largely work itself out. If a mortgagor is making his payments to the satisfaction of the mortgagee, there will be no occasion for anybody to apply for this relief, and the exchange of bonds is not sufficiently attractive to induce mortgagors or mortgagees to apply unless there is a case of distress.

Mr. BORAH. The committee has undertaken to reach the individual owner in distress?

Mr. BULKLEY. Indeed, it has.

Mr. BORAH. That has been one of the great objectives of the committee, and the Senator feels that this has done so, insofar as it is practicable to do so?

Mr. BULKLEY. I certainly do.

Mr. VANDENBERG. Supplementing that inquiry, is not the situation always in control of the owner of the mortgage?

Mr. BULKLEY. Yes; without the consent of the owner of the mortgage there is nothing to be done, because nobody can compel him to accept an exchange of bonds.

Mr. VANDENBERG. Exactly.

Mr. BULKLEY. But, of course, the owner of the mortgage does not ordinarily want to take the premises; it is usually an embarrassment to the owner of the mortgage to have to take the premises. What he wants is his money, but if the mortgagor is in distress the chances are that it will be a great benefit to the mortgagee to take these bonds and have the trouble off his hands.

Mr. VANDENBERG. But suppose the mortgagor has paid on his mortgage to the point where the remaining equity obviously is less than the value of the property, then the owner of the mortgage is not going to be interested in the exchange; and how is the distressed owner of the property going to get any relief?

Mr. BULKLEY. In the case the Senator suggests, there is an exception in this bill that the corporation may provide cash to take up a mortgage if the mortgagee will not accept bonds, if the mortgagor cannot secure funds from a local association, and if the amount of the mortgage is not more than 50 percent of the value of the premises. I say 50 percent. The House limited that to 30 percent, but by recommendation of the Senate committee it would be made 50 percent.

Mr. VANDENBERG. Again, of course, the situation is entirely in the final control of the owner of the mortgage.

Mr. BULKLEY. Not in that case, no; because the owner of the mortgage would be obliged to accept cash.

Mr. VANDENBERG. He is required to do so?

Mr. BULKLEY. I think we passed such a bill on Saturday, to the effect that he must take legal-tender money.

Mr. WAGNER. Mr. President, right on that point, I was not able to be present in the subcommittee when that particular phase of the measure was considered, and I wondered why in case of displacing a mortgage, represented by 50 percent of the value of the property, it is provided that the interest that the mortgagor must pay will be the same rate of interest for which the original mortgage provided. Why should he not be entitled to the 5-percent rate, as in the other cases?

Mr. BULKLEY. That is the same question that we have had to be careful of in another aspect. We do not want to make this an invitation for people to come in and unload mortgages on the Government just so that they may obtain a better rate of interest; we want to help the cases that are definitely in distress; but if we should provide a lower rate of interest than the mortgagors are now paying, we would find that applications would come to the governmental organization merely so that they might get an advantage in the interest rate, and that we wanted to avoid.

Mr. WAGNER. What advantage does the home owner get in that particular case?

Mr. BULKLEY. The supposition was that he was in distress and unable to make his payments and in danger of being foreclosed.

Mr. WAGNER. There is no provision in this bill under which the home owner is entitled to a moratorium of any period of time?

Mr. BULKLEY. He is not entitled to it in the sense that the corporation is obliged to give it, but the corporation is authorized to give it; and there is no doubt about what the intent is.

Mr. WAGNER. When we passed the bill to aid the farmers, we provided in the Farm Mortgage Act that the holder of the mortgage should have a moratorium, a definite moratorium, as a matter of right for a period of 5 years. Does not the Senator think, in the case of home owners, while perhaps not so long a period should be permitted, yet he is entitled to a moratorium, as a matter of right, for a period of time?

Mr. BULKLEY. I am sure the Senator will recall that that was gone over in the committee, and we thought it was much more practicable to leave it more flexible. He is not even limited to 5 years by this bill; the limit is only what the man can show he really needs. The corporation has unlimited discretion to defer payment.

Mr. WAGNER. But in the case of the farm mortgages we dealt with them diffierently and we provided that the owner of a farm, at least the farmer in every case where he was the mortgagor, beginning with a certain time after the act became effective, on all outstanding mortgages was entitled to a moratorium for a period of 5 years.

Mr. BULKLEY. I do not think any such general condition appears in the home-mortgage situation to make such a provision necessary.

Mr. WAGNER. The Senator does not think there is the same distress existing among home owners of the country?

Mr. BULKLEY. Not in such a universal manner. I think many of the mortgages are being carried all right, the mortgagors are making payments all right; we did not want to put out a general invitation to them to fall down on their payments; and, as I have said, the discretion is with the corporation, without any limit whatever, except the showing of necessity on the part of the mortgagor.

Mr. BONE. Mr. President, I am very anxious to establish one thing clearly. I think the question has been asked. There can be no doubt that the bill provides for a direct

approach of home owners to the Government. The loan is being made practically by the Government. That is vital in view of the situation, it seems to me.

Mr. BULKLEY. Yes; in the sense that the home owners' loan corporation is a Government corporation, there is a direct approach to the Government itself.

Mr. BONE. At the bottom of page 18 the bill makes this help available to the owner who is using the building as a home or where it is held by him as his homestead. The Senator is aware that there are two kinds of homesteads. For instance, in the western coast States—and I think it is true in New Mexico and other Western States—there is what is known as a "homestead" under the State law. There is also a Federal homestead. I am not certain that it is necessary that any distinction should be made by using the words "under State or Federal statute."

Mr. BULKLEY. I am afraid that would be restrictive. I think it is more flexible the way it is.

Mr. BONE. I am rather inclined to think it would be given very liberal interpretation. It is very vital that we get a very liberal measure.

Mr. BULKLEY. I want to take a moment to call attention to the Home Loan Bank Act which throws some light on the situation mentioned by the Senator from New Mexico [Mr. BRATTON] a few moments ago, in which he instanced that several borrowers in his State were being charged as much as 10 or 12 percent by interests which in turn were getting their money from the home-loan bank at Little Rock. That is not in accord with the terms of the law. I want to read section 5 of that act:

SEC. 5. No institution shall be admitted to or retained in membership or granted the privileges of nonmember borrowers, if the combined total of the amounts paid to it for interest, commission, bonus, discount, premium, and other similar charges, less a proper deduction for all dividends, refunds, and cash credits of all kinds, creates an actual net cost to the home owner in excess of the maximum legal rate of interest or, in case there is a lawful contract rate of interest applicable to such transactions, in excess of such rate (regardless of any exemption from usury laws), or, in case there is no legal rate of interest or lawful contract rate of interest applicable to such transactions, in excess of 8 percent per annum in the State where such property is located. This section applies only to home-mortgage loans made after the enactment of this act.

That is the provision of law, and the loan associations that are carrying on the practice referred to would, as I read the law, be subject to expulsion from membership in the home-loan bank.

Mr. BONE. Mr. President, is the Senator seeking a vote on the measure at once?

Mr. BULKLEY. I hope to get a vote very soon. I am going to suggest an amendment. The amendment has been called to my attention since the last meeting of our committee, but it has the approval of such members of the committee as I have been able to communicate with, and I am sure that the policy of it will commend itself to the Senate. I am proposing an amendment to prevent the payment of commissions on the negotiation of exchange of bonds with the home loan owners' corporation. I send the amendment to the desk and ask that it may be read.

Mr. HARRISON. Mr. President, may I ask the Senator a question before the amendment is read? There is a conference report on the electric-energy tax provision in the tax bill. I am anxious to get it out of the way before the Committee on Finance makes its report on the public construction program. The Committee on Finance meets again at 4 o'clock. I do not know how much discussion there will be on the conference report. If we can get it through by 4 o'clock, would the Senator yield to enable me to call it up at this time?

Mr. BULKLEY. I will ask the Senator to withhold the request for a few moments. I think we are nearly through with the bill.

Mr. JOHNSON. Mr. President, I want to say to the Senator from Mississippi that I am very much interested in the conference report and I do not believe it will be possible to conclude its consideration by 4 o'clock even if we were to take it up at this time.

Mr. HARRISON. With that statement of the Senator from California before me, I shall not ask for consideration of the conference report at this moment. In view of the fact that the Senator from Ohio believes the bill now before the Senate will be concluded very shortly, I shall wait and call up the conference report after the bill has been disposed of.

The PRESIDING OFFICER. The Senator from Ohio has offered an amendment to the committee amendment, which the clerk will read for the information of the Senate.

The CHIEF CLERK. In the committee amendment, on page 35, after line 10, it is proposed to insert:

(e) In order to prevent imposition upon home owners dealing with home owners' loan corporation, commissions or other charges by individuals, corporations, or others are prohibited, except salaries of regular employees, ordinary charges for services actually rendered for examination and perfecting of title, appraisal and like necessary services in connection with the making of the loan. Such necessary charges for services actually rendered shall not exceed the charges for like services prevailing in the territory and shall include only those authorized and required by the corporation. No person, firm, corporation, or association shall make any charge for taking any application to said Corporation for a loan or make any charge in connection with the negotiation for a loan with the corporation except as above provided, and no such person, firm, corporation, or association shall for any private benefit whatsoever represent that they have any special advantage in securing relief from said corporation for home owners. This section shall not be construed to prohibit individuals or others from assisting home owners or the Corporation in rendering relief as contemplated under this act without making any charge therefor or deriving any special private benefit therefrom, nor shall it be construed to prevent mortgagees from assisting their home owner borrowers without charge in their negotiations with the corporation.

It shall be the duty of the corporation to see to it that the provisions of this subsection are enforced. Any person, firm, or corporation violating the provisions of this subsection shall be punished by fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Ohio to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. GORE. Mr. President, I have offered heretofore, or gave notice that I would offer an amendment to the pending bill. It has been printed and is on the desks of Senators. I desire to offer it at this time.

The PRESIDING OFFICER. The amendment to the amendment will be read for the information of the Senate.

The CHIEF CLERK. In the amendment of the committee, on page 15, after line 4, it is proposed to insert the following:

SEC. —. The President is authorized to establish a national board of rehabilitation and conciliation with respect to farm- and home-mortgage indebtedness, which board shall consist of the Secretary of the Treasury, Secretary of Agriculture, a member of the Federal Reserve Board, to be designated by the President for that purpose, and such other officers or agents of the Government as may be especially charged with the administration of any law or laws relating to rural credit or farm-mortgage indebtedness and home-mortgage indebtedness.

The President is authorized to appoint in each State a board of State rehabilitation and conciliation consisting of not more than five members, who shall serve without pay, one of whom shall be a director of the district Federal farm bank in the area affected, and a second of whom shall be a director of the district home-loan bank in the area affected.

It shall be the duty of said State board of rehabilitation and conciliation to appoint or designate a suitable number of local boards of rehabilitation and conciliation in their respective States and to supervise their activities.

It shall be the duty of such State and local boards of rehabilitation and conciliation to bring about between farm and home mortgagors and mortgagees an adjustment of farm- and home-mortgage indebtedness wherever it may be found practical to do so, either by reduction of the principal of said mortgage indebtedness or in the rate of interest thereon, and/or by the conversion of short-term loans into long-term loans with a provision of amortization payments and/or through an agreement between the mortgagor and mortgagee under which payment could be made in staple farm products or the proceeds thereof at an agreed price or value more nearly related to the price or proceeds of a like quantity of such farm products at the date of the execution of such mortgage. It shall be their further duty to give aid to prospective borrowers through public information regarding all public loan services and legal advice. They shall also make confidential reports of appraisal for the information of officials of Federal farm banks and home-loan banks, and shall give information and advice to said officials. Members of such boards shall serve without pay.

The national board of conciliation, with the approval of the President, is authorized to prescribe suitable rules and regulations to effectuate the purposes and objects of this section.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma to the committee amendment.

Mr. BULKLEY. Mr. President, the committee has not had a chance to consider the amendment just offered by the Senator from Oklahoma, but it seems to me to have some merit, and I have no objection to accepting it and taking it to conference so that it may be further weighed.

Mr. COPELAND. Mr. President, I am glad the Senator from Ohio takes that view, because it has been represented to me that the boards of conciliation would be extremely valuable in functioning as proposed by the Senator from Oklahoma. I have had an amendment which I intended to offer relating to the same subject, but it seems to me this is better than mine. I am very glad indeed that the Senator from Ohio is willing to accept the amendment.

Mr. GORE. Mr. President, I wish to express my appreciation also to the Senator from Ohio for accepting the amendment. In substantially this form it was adopted as an amendment to the farm relief bill. It went out in conference. I understand, however, now that the administrator of that service would be glad to see it adopted and thinks it might accomplish a great deal of good. I think it is one of the best means proposed for solving the problem of debt in this country as between the farmers and their creditors and the home owners and their creditors. It certainly can do no harm and may do a great deal of good. The members serve without compensation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oklahoma to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. TRAMMELL. Mr. President, I desire to propose an amendment to the committee amendment.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. The Senator from Florida proposes, in the committee amendment, on page 25, line 14, to add after the word "section" the following:

That direct loans in cash to home owners shall be made for the purpose of paying or settling an existing mortgage or other obligation upon the home, and this provision for loans direct to home owners shall be administered as one of the primary purposes of this act.

Mr. TRAMMELL. Mr. President, I think it very essential to make it definite and certain that it is the intention of Congress that the individual home owner shall have an opportunity to obtain a loan for refinancing any mortgage or other obligation that may be upon his home without having to seek that privilege through some intermediary.

It is my opinion that the very first object of legislation of this character should be to assist the home owner.

I have read this bill; and, so far as my power and capacity for interpretation exist, I find that the purpose of the bill is not centered around the home owner, but its aim and purpose are centered around providing relief and assistance for building-and-loan associations, insurance companies, mortgage-credit institutions, and others who may hold obligations upon another's home which they desire to sell or turn over to the corporation established in the bill.

When we deal with the feature of the bill authorizing loans of that character, we do not say that the corporation may, within its discretion, make loans and carry on negotiations of that character; but the bill specifically provides that the corporation is "authorized" to make such loans and that policy is made plain. When, however, we come to the section dealing with the home owner directly, we find that under paragraph (f) the bill provides that—

The corporation is further authorized, in its discretion—

That is what I object to. We, who are friends of the home owners, have been shockingly disappointed in the past. When we had up the original bill for the establishment of the Reconstruction Finance Corporation, as I recall, in January 1932 I realized that the home owner himself had been totally ignored in that measure as it came from the committee to the Senate. I saw that the aid was provided for insurance companies, mortgage companies, banks, and those holding mortgages upon private homes. There was not one word in the original bill in regard to the individual home owner's having any right to obtain a loan.

I offered an amendment to the bill for home owners, which I thought covered the situation reasonably well. I got no sympathy for my proposal from the Committee on Banking and Currency. I am speaking now of the original bill establishing the Reconstruction Finance Corporation—and the same applies to the Federal home loan bank bill. The committee brought in the measure with no character of relief or direct assistance to home owners.

I discussed the matter with the Senator from Michigan [Mr. COUZENS], who was a member of the Banking and Currency Committee, and expressed my disappointment that the measure contained nothing for the direct assistance of home owners. The Senator from Michigan, sympathetic as I have always found him in the interest of the poor and helpless of the country, assured me that he would do the best he could to try to get some provision on the subject put into the bill, and asked for my amendment.

I gave him my amendment. He canvassed the situation, being a member of the Banking and Currency Committee, and came back and said to me, "I think this is about all we can get into the bill." So he offered an amendment, not over 10 words in length, which said that in the discretion of the Reconstruction Finance Corporation loans might be made to private individuals. His suggestion was adopted as a part of the original Reconstruction Finance bill, as I recall.

I thought that was better than nothing, yet I had my doubts as to whether or not that discretionary power would ever be exercised in the interest of the home owner. I felt that way because the general policy of the bill and the sentiment of those who were fostering the measure—its proponents—seemed, if possible, to restrict the relief to building and loan associations, to insurance companies, to banks, and to all other corporations that might, forsooth, have some mortgages that they wished to dispose of to the Government.

At any rate, this provision was embraced in the bill following the proposal on my part of an amendment which went to the committee, and, as I have related, was not inserted by the committee.

All over the country people were cheered to some degree of hope that they might obtain a loan. It was a vain hope, however. It was only 2 or 3 weeks until I began to see signs of the interest of the home owners were being ignored. It was then I began to advise people who corresponded with me that I was afraid the cards were stacked against them, and that that provision was not going to give them the privilege which I had hoped it would, and which my original amendment, if adopted, unquestionably would have given them.

Without going into any lengthy details, the result was that I appealed on behalf of hundreds of home owners in distress, with pending foreclosures hanging over them, with ample security; but my appeals and their applications were of no avail. I am informed—and the information given was by someone who was connected with the Reconstruction Finance Corporation or the home loan bank system—that not one dollar of loans had ever been made under that provision of the measure providing for direct loans to home owners. On the other hand, not dollars but millions upon millions, and in fact approximately $2,000,000,000 were loaned to railroad corporations, insurance companies, banks, and mortgage companies.

The poor little home owner, in his distress and in his despair, received no aid and no assistance, except in a few instances where he may have obtained some through a building and loan association. The greater part of the funds was secured by these corporations, for which the act was originally intended, no doubt, and around which its beneficent purposes are centered, and not by the home owners, gen-

erally speaking; and a few of them probably extended a mortgage for some occasional home owner.

The result is that since the enactment of that law—now almost a year and a half old—the home owner himself has waited in his distress and in his eagerness to receive some relief from some source, and the Government has ignored him completely. I am seeking to relieve that situation. You talk about "the forgotten man." He has been and is still "the forgotten man."

Later, I am going to make a motion to strike out the words authorizing these loans to be made in the discretion of this corporation. If we leave the provision as it is, in all probability the fate of the individual home owner will be similar to his fate under the previous law. I want the authority to be mandatory. First, however, I desire to define the intent and the purpose of Congress. That intent and purpose of Congress, as defined in my amendment, are that direct home loans in cash are one of the primary purposes and objects of the enactment. That is why I have proposed this amendment to clearly define the intent of Congress.

Some 2 years ago, during a previous administration, it was heralded throughout the press of the country that the President at that time was going to recommend the enactment of legislation which would provide assistance and relief for the home owners of the country who were embarrassed by obligations upon their homes with no channel through which they could obtain relief. As we all know, even 2 years ago all the ordinary channels through which anyone might have negotiated loans upon property or otherwise were absolutely paralyzed, and there was no opportunity existing for him to obtain any assistance through the private channels which had previously operated reasonably well. When this message went forth and was heralded through the press of the country, our people were inspired and cheered, and editorial commendation after editorial commendation went forth praising our then President for his beneficent spirit and the suggestion which he had made.

Then a bill was introduced in Congress which carried a headline that would mislead and deceive anyone; and our people, generally speaking—and there are thousands and millions of them—who were suffering under mortgages, with no avenue of escape from foreclosure unless the Government provided some assistance, thought, "Well, now, Congress will soon act on this subject, and I shall be able to go directly to the Government through its agencies and obtain some assistance in relieving myself of the pressing obligations, in the nature of foreclosure or otherwise, upon my home."

Congress acted, but nothing was given to the home owner. He soon found himself absolutely helpless. Home owners began to make application to the proper agency, located for my section of the country at Winston-Salem, N.C. They would receive in answer probably a form letter, not intimating that the directors of the Board did not think loans of that character should be made, or that they had declared a policy of not making them. They would put the home owners to the trouble of furnishing all kinds of data and information, and I think probably, in a good many instances, abstracts; one of the significant conditions precedent was that the home owners had to send on $25 with their applications to cover the expense of a survey or investigation and title examination.

When that request was made, many of those poor and all but hopeless people, appealing to their Government for aid, were unable to send the $25. Therefore their applications were pigeonholed. It has turned out, however, that they were very fortunate in not being able to send the money requested. Many of them, however, remitted the $25, resulting after a few weeks in a notification from the agencies representing the home-loan banks that they had investigated the matter, and giving this or that or the other excuse why they could not make them a loan; but the officials did not have the frankness, honesty, or integrity in dealing with American citizens in distress—as those were who applied for loans—to advise them that it was the policy, agreed upon by the directors, that they would make them no direct loans.

So the situation just rocked along in that chaotic stage. In desperate straits, as they were, many of the people had some hope that possibly their applications would be approved until this Congress convened. About that time I was advised that the home-loan bank authorities had adopted a policy against making any individual loans.

I notice that by this bill the original provision is repealed, which is all right, because there are some other provisions here that are probably somewhat better, if, in its discretion, the Reconstruction Finance Corporation does not say that it will not make individual loans.

The Reconstruction Finance Corporation does not declare now that under the pending bill it will not make individual loans. It is left, under the provisions of the measure we are considering, within the discretion of the Reconstruction Finance Corporation, and whether or not they will perform, I can best judge the future by the past. That organization is unsympathetic with any direct aid to the home owner and, on the other hand, is sympathetic, as has been shown, with the big financial institutions of this country and the money barons of the Nation. The Corporation has made loans to the extent of even billions of dollars to the money barons of the country and not one penny directly to the poor home owner. If it is within my power and within my influence, I want to make it plain and specific in this bill that the home owner shall have an opportunity, a right which should be given him just the same as it is given to the insurance companies and the building-and-loan associations or to any other financial interests holding mortgages, to go direct and ask for a loan upon his home in order that he may stay foreclosure.

I do not know of any way to make that an assured fact or a certainty except to say in plain language which any man can understand that a home owner shall have the right to a loan upon his property for the purpose of taking up a mortgage or other obligation, and that these lines and these words mean that this shall be one of the primary purposes of this act.

I very much hope that the amendment will be adopted. I regard it as extremely essential, and I urge it upon those who are sympathetic with the home owners of the United States, and who have not their sympathies all warped in favor of the big financial institutions of the country.

Mr. BONE. Mr. President, will not the Senator read his amendment?

Mr. TRAMMELL. I will read the amendment if the clerk will send it to me.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 25, line 14, to add after the word "section" the following:

That direct loans in cash to home owners shall be made for the purpose of paying or settling an existing mortgage or other obligation upon the home, and this provision for loans direct to home owners shall be administered as one of the primary purposes of this act.

Mr. FRAZIER. Mr. President, will the Senator yield to me?

Mr. TRAMMELL. I yield.

Mr. FRAZIER. I am in favor of the amendment of the Senator from Florida, but he does not specify any rate of interest, and in line 8, on page 25, subdivision (f), it is provided:

Each such loan shall be secured by a duly recorded home mortgage and shall bear interest at the same rate as the mortgage or other obligation taken up.

Mr. TRAMMELL. Mr. President, I had contemplated striking that out and prescribing the rate of interest which would be legal as set forth in the pending bill for a building and loan association or a mortgage company or a bank or insurance company. This specifically provides, as the Senator states—and I have it marked and had intended to offer an amendment—that if they make a loan direct to a home

owner, "the interest shall be the same as on the mortgage or obligation taken up." For instance, in my State the average rate upon a mortgage is 8 percent, and the law provides that under contract it may be 10 percent. Therefore in a great many instances what I would rather term "heartless people" take advantage, in lending money, of that provision of the law which allows them up to 10-percent interest.

Therefore, if a home owner in that situation in Florida seeks a loan, the interest will be the same as upon the obligation which is liquidated by virtue of that loan. I think the Senator is correct—that we should change that paragraph so that the interest should not be in excess of what is required of others to whom the Government may lend upon mortgages. That is 5 percent.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. WAGNER. I do not think the Senator was here a moment ago when I made the suggestion, when the Senator from Ohio had the floor, that there does seem to be an injustice in that provision of the measure.

Mr. TRAMMELL. There is, absolutely, in my opinion.

Mr. WAGNER. I have an amendment here which provides that the rate of interest shall be the same rate as is charged in the other case; namely, 5 percent. As a matter of fact, if we made it on a parity with the farm mortgage law, it ought to be 4½ percent; but, as the Senator has said, there may be instances where the mortgagor is paying 7 or 8 or 9 percent, and he is not getting all the relief under this provision he should get.

Mr. TRAMMELL. Simply an extension.

Mr. WAGNER. He does not get that unless the lender is willing to grant it to him.

Mr. TRAMMELL. Certainly he does not get that.

Mr. WAGNER. I have another amendment I intend to offer, which provides for a 3-year moratorium.

Mr. TRAMMELL. I cannot believe that the committee having this legislation in charge could ever have intended that the Government should require a home owner, because he happened to borrow from the Government, to pay a penalty, that he should have to pay 8 or 9 or 10 percent for his money, when, if the Government were dealing with an insurance company, or some of the other organizations which handle mortgages, it would let them have the money for 5 percent.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. JOHNSON. I followed very hastily the reading of the Senator's amendment, and, as I understand it generally, it is to enable individual home owners to obtain loans under this measure. Assuming that an individual home owner has upon the property upon which he desires to obtain a loan an existing encumbrance, is it for the purpose of enabling him to pay off that encumbrance?

Mr. TRAMMELL. It is for the purpose of enabling him to pay it off, and, of course, under the new loan that he would get from the corporation set up by the provisions of this bill, he is naturally better off for a certain period of time; and it gives him opportunity then, under the amortization system, to have years to pay back the loan to the corporation set up under this particular measure.

Mr. JOHNSON. He would be under the same obligations and restrictions that are provided in the bill concerning the appraisement of property and the like?

Mr. TRAMMELL. Certainly; it does not interfere at all with that. It merely specifically provides that it shall be certain that he has a right, and that that is one of the primary objects of the bill. I do not know whether the Senator was in the Chamber when I explained about the disappointments and the heartaches that come to many home owners in this country under the provisions of the measures of 1932.

Mr. JOHNSON. I am very sympathetic; but I was wondering whether, as a business proposition—although I do not like that expression, because there is no such thing now—I was wondering whether it were not something under which, if an existing encumbrance subsisted, loss was certain to occur to the Government. That is not correct, as I understand it.

Mr. TRAMMELL. Of course, this does not contemplate any extension of the opportunity for loss. In fact, I think the opportunity for loss is far less than it will be upon these obligations which the Government will acquire from the mortgage companies, the banks, the insurance companies, and the building-and-loan associations.

Mr. JOHNSON. The reason why I was so interested in the amendment presented by the Senator is that from a hasty reading of the bill—and I will ask the sponsor of the bill to correct me if I am in error—it seemed to me that the mortgagee was the individual who was going to profit under the bill, rather than the mortgagor, whom we sought to aid, and I thought that perhaps the amendment of the Senator might remedy that particular situation.

Mr. TRAMMELL. Mr. President, I want to put the mortgage of the individual home owner on the same basis with other mortgages which are acquired by purchase by the corporation set up for that purpose in the bill. I have another amendment which I am going to offer, but I am firmly of the opinion that we should declare ourselves if we feel this way. I am going to offer an amendment providing that the corporation may not operate "in its discretion." That is what destroyed us under the other measure, the words "in its discretion."

Mr. BLACK. Mr. President, I am thoroughly in sympathy with the Senator's idea of taking care of the individual mortgagor. It was for that reason that I voted against the home loan bill as originally offered. But there is a feature of this bill which, in my judgment, is very salutary and which would be stricken out by the Senator's amendment, and it is this: The bill very properly provides a limitation above which no loan shall be made. It is my own judgment that that is too high. I do not believe we can find any case today where the property is worth 80 percent of the mortgage.

As the Senator's amendment is written, as I understand from what he says, that is not what it contemplates. As the Senator's amendment is written, it is my judgment that, if agreed to, it would not only authorize but require the lending of 100 percent of the value of a property in order to pay off a mortgage, where it could not be hoped now to get that amount on the present value of the property.

Mr. TRAMMELL. Mr. President, I do not think anything is written into the amendment which could, except under the most strained construction of the language which I have offered, result in wiping out the other provisions which precede it. Of course, I could have provided that this amendment should not conflict with the provision that the property shall be of a certain value, or that the interest shall be thus and so. I could have repeated all that, but in construing a law, in which I have had a little experience, I did not know I had to repeat all those other features. It is just a part of the paragraph (f) and in nowise alters the other provisions of the paragraph.

Mr. BLACK. I desire to state to the Senator again that I am in thorough sympathy with the objective he has in offering his amendment, but knowing the Senator's ability I am sure he will find there is no incorporation in the amendment of the limitations which appear in the bill. I should like to vote for the Senator's amendment, and it is for that reason that I make the suggestion.

Mr. TRAMMELL. I rather think the Senator's observations are very critical and technical. It is written as a part of subsection (f) and follows the last word in the last paragraph of that provision as part of that subsection. That subsection sets up all of the conditions and restrictions upon which loans may be made and refers to individuals. This makes it a direct mandatory proposition that loans should be made direct to home owners. That is the only purpose and object I have in view, and I do not believe it upsets the other details or will bear any other construction.

I want to make it quite plain, Mr. President, because I want home owners to have the benefits of this measure. I do not want the board of directors of any organization

defeating what I consider the righteous and the deserved privileges to which home owners of this country are entitled, especially in view of what precedes my amendment in this particular bill.

Mr. LONG. Mr. President, as I understand the Senator, it is contended that all that is protected in this bill, if I properly understand the Senator from Ohio.

Mr. BULKLEY. Mr. President, the objective sought, as stated by the Senator from Florida, is already fully provided for in the bill. His explanation is that he does not intend to change it at all. The amendment which he has proposed is merely repetitious, except as to one thing which I submit would not be a candid statement of the purposes of the bill. He says in his amendment:

Direct loans in cash to home owners shall be made for the purpose of paying or settling an existing mortgage or other obligation upon the home—

That is already provided in this section—

in any case in which the holder of a home mortgage or other obligation or lien eligible for exchange under subsection (d) of this section does not accept the bonds of the Corporation in exchange as provided in such subsection and in which the Corporation finds that the home owner cannot obtain a loan from ordinary lending agencies, to make cash advances to such home owner in an amount not to exceed 50 percent of the value of the property for the purposes specified in such subsection (d).

That is exactly the same thing.

Mr. COPELAND. From what was the Senator reading?

Mr. BULKLEY. I was reading from the bill as reported, pages 24 and 25.

He adds in his amendment—

and this provision for loans direct to home owners shall be administered as one of the primary purposes of this act.

I do not know what he means by "administered as a primary purpose", but, of course, it is not the primary purpose of the act when we make $200,000,000 in cash available to this corporation and provide bonds to the amount of $2,000,000,000.

It cannot be the primary purpose to advance cash when the total amount of the mortgages of the country is over $21,000,000,000; and we are providing $200,000,000 here to swing that situation. Of course, if it is "the primary purpose", we had better appropriate $10,000,000,000 to do it. So it is simply a declaration that is not frank; that is not a fair statement of the object of the bill. The rest of it is, as I say, merely a repetition; it is already provided for.

Mr. TRAMMELL. Mr. President, will the Senator from Ohio yield to me?

Mr. BULKLEY. Yes; I yield.

Mr. TRAMMELL. The Senator talks about $200,000,000 in cash for this purpose, which $200,000,000 is spread out all over creation in the benefits provided in this bill. The bill itself provides for the making of loans to corporations handling mortgages and securities; and that provision is not permissive, but that is a direct obligation required of the board. Then when it is sought to deal with the home owner direct it is said that they may in their discretion do it. Why was that provision put in the bill?

Mr. BULKLEY. The mistake of the Senator is that we do not provide any loans to corporations at all; the loans are only to the home owners; we do not loan anybody but home owners.

Mr. TRAMMELL. The bill covers all mortgages held by all kinds of corporations?

Mr. BULKLEY. But the loans are to home owners.

Mr. TRAMMELL. Our experience and past history tell a different story from that. Millions and millions of dollars have been acquired by building-and-loan associations and other mortgage credit companies that have never reached practically 1 percent of the home owners of the country. Under the plain terms of this bill we could have a repetition of that unjust course by the Reconstruction Finance Corporation.

Mr. BULKLEY. Of course, the Senator is talking about the home loan bank bill, which was framed on an entirely different theory from this bill, and was not even of the same structure.

Mr. WAGNER. Mr. President, will the Senator from Ohio yield to me?

The PRESIDING OFFICER. The Senator from Ohio has the floor. Does he yield to the Senator from New York?

Mr. BULKLEY. I yield.

Mr. WAGNER. I wanted to call the attention of the Senator from Florida to the fact that the amendment will not help to cure the situation of which he complains, namely, that under the provision which authorizes the board to take over a mortgage, where the mortgage represents 50 percent or less of the value of the property as it is written, a mortgage calling for a rate of interest of 10 or 11 percent will be transferred, and the Government will be getting from the home owner an interest rate of 11 percent upon the loan which he made. The Senator wanted to correct that particular provision, but his amendment does not do it, because it will not touch the provision of the bill in which that feature appears.

Mr. TRAMMELL. If I had covered all that in one amendment, as well as one or two others I have in mind, I dare say that a dozen Senators would have wanted the question divided, so that they could vote on the different proposals. I intend to prepare such an amendment as suggested—and am glad that the Senator has one on that subject—to apply at the proper place, but if I had attempted to have written it all in this amendment, then it would not have appeared in an appropriate place in the bill.

Mr. WAGNER. If I may make the suggestion again, the amendment the Senator has offered does not change the bill as it is presented to us at all.

Mr. TRAMMELL. Mr. President, I disagree with the Senator. I am going by the language contained in the bill, and not by representations made about it. My amendment changes the policy of the bill most decidedy regarding direct loans to home owners. It imposes a mandatory duty upon the corporation instead of leaving it with them in their discretion. If the Senator will pardon me, I have read this bill, and I have studied this particular provision. On page 24, paragraph (f), which is the paragraph or subsection we are dealing with, if I may be pardoned—and I will take but a second of the Senate's time—reads:

The Corporation is further authorized, in its discretion—

If the corporation decides that not one dollar shall be loaned to the individual home owners, not one dollar will be loaned; and the past policy of the Government, through the Reconstruction Finance Corporation and the Home Loan Bank Board, has been that they did not loan so much as one dollar direct to a home owner. That is what I am trying to correct.

Mr. WAGNER. What I am suggesting is that the Senator has not changed that feature; but I am in sympathy with his efforts and have an amendment which I propose to offer along that line.

Mr. TRAMMELL. If the Senator will pardon me, I will show the Senator how I propose to change the provision. On page 24, line 22, I propose to strike out the words "in its discretion." I cannot move all my amendments at one time, if the Senator will excuse me for saying so.

Mr. BULKLEY. Mr. President, of course we are all in sympathy with the legitimate purpose that is actuating the Senator from Florida. The Senator, however, is in error in presuming that the home owners' loan corporation will make loans to anybody in the world except home owners. They are the only ones to whom it will make loans, whether by exchange of bonds or by advancement of cash. The advancement of cash, of course, must be limited within the amount that we are here appropriating. If the Senator wants to amend the bill and, instead of appropriating $200,000,000 for this purpose, go to the extent of taking over all the subsisting mortgage obligations on homes in the United States, and appropriate $20,000,000,000 for the purpose, then he might fairly say that that is the primary purpose of this measure. I do not so conceive it.

The committee has reported a bill which will give the maximum amount of relief to the home owners, and directly to the home owners, within a reasonable cost to the

Government. The amendment, as I have said, is repetitious of what is already in the bill, except as to the declaration of the primary purpose of the bill. I hope the amendment will be defeated.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment reported by the committee.

Mr. TRAMMELL. Mr. President, if I may be pardoned, I feel very earnest about this matter. The Senator talks as though this bill is framed with a home owner directly in view and for the purpose of aiding the home owner, and that all of the benefits will go to the home owner. Now, let us see whether it will all go to the home owners or not.

Paragraph (d), on page 22, provides:

(d) The Corporation is authorized, for a period of 3 years after the date of enactment of this act, (1) to acquire in exchange for bonds issued by it, home mortgages and other obligations and liens secured by real estate (including the interest of a vendor under a purchase-money mortgage or contract).

As I read that paragraph, considering the methods employed in this country in the past in dealing with mortgage securities, I would construe that to mean that the machinery set up in that paragraph is for the purpose of the corporation acquiring mortgages and securities constituting liens upon homes from those who are holding them, not from the home owner but from building-and-loan associations, mortgage companies, and every other character of corporation that deals in the purchasing and holding of mortgages. That machinery, indeed, would be very awkward for a private home owner who desires to obtain a loan. The only way he could obtain such a loan would be to take his mortgage and then go out, without any facilities and without any experience in dealing with bonds and securities, and raise the money upon bonds or other securities in order to relieve the mortgage upon his home. So I take it that that provision was never intended to affect very materially the home owner directly.

He would not know how to sell a mortgage; he would know nothing about a mortgage transaction of this character; he would have no agency for handling it. The only way he could get any money would be through the bonds of these large security institutions that have acquired many mortgages. Of course such institutions could apply to this corporation. They could say, "We have a hundred thousand dollars' worth of mortgages that we want to dispose of to you." The corporation could say, "We will pay you in bonds, and we will give you a small amount of cash, if necessary, to pay the taxes on the mortgaged property." Those people, skilled as they are always in business affairs, could arrange for a hundred thousand dollars' worth of bonds—the chances are they would have them all sold beforehand—and then they would take the bonds over through this Government agency and in that way the company would be assisted.

I have no objection to assistance being extended to financial companies if we extend equal generosity to the home owners directly, but I have become sick and tired of much of the legislation that we have been enacting here, most of the beneficent features of which centered around capital, around the big corporation interests of the country, to the exclusion of the general interest and welfare of the poor, helpless people of this country who need assistance and need it sorely. This bill, in my opinion, may well be characterized as similar to a number of others which we have passed here more in the interest of capital than for the ordinary, everyday citizen—home owner. I want to make it sure that these people will get the assistance. I want to eliminate the discrimination in favor of building and loan organizations. I am going to offer such an amendment on this question. The Senator keeps challenging me because I did not cover everything in one amendment. I am going to tell him of another amendment I am going to offer.

This bill specifically provides that a company that may hold—it does not use the word "company", but that is what it means—a mortgagee or a number of mortgagees may apply for assistance to the corporation, and then the corporation may take over their mortgages to the extent of 80 percent of the value of the real estate covered by the mortgages.

But if a loan is sought by a home owner direct—and the provision in the bill has not been made plain, according to my view—then his property is only considered worth 50 cents on the dollar for the purpose of getting a loan. All in the world that one has to do in order to increase the value of his property for loan purposes is to transfer the mortgage upon it from the home owner himself over to a building-and-loan association or some mortgage credit company, and then it is entitled to a loan of 80 percent of its value, a transaction which could be brought about within 10 minutes by people skilled in the preparation of legal papers.

I do not understand why there should be such a discrimination as that, and I am going to offer an amendment—I have it on the desk—to strike out the limitation of 50 percent, if the home owner is asking directly for a loan, and insert "80 percent", and allow him the same privilege which we allow the purchaser of a mortgage or the holder of a mortgage upon probably the property of his next-door neighbor. I cannot understand why that discrimination should be made in the bill.

Mr. President, whenever we get a vote on this amendment, then I am going to propose another one.

Mr. BULKLEY. Mr. President, I should like to call the attention of the Senator to the fact that, perhaps inadvertently, he is arguing for the benefit of the mortgagee rather than of the mortgagor. The bill provides for an exchange of bonds up to 80 percent of the fair value of the property to be accepted by the mortgagee for the release of the mortgage. The bond is possibly not worth par; but, if the Senator's amendment should be adopted and the Government should be obliged to pay cash up to 80 percent of the value of the mortgage, then the mortgagee will never accept the bonds, we will never have any case where the bonds will be accepted as contemplated by the terms of this bill, and the Government will be in the position of advancing cash in every case. Nobody could have made a better speech for the benefit of the mortgagee getting his full 100 percent in cash than the Senator from Florida has here made.

I repeat to the Senator that there is no provision under which the home-owners' loan corporation may make loans to a building-and-loan association or to a corporation of any kind. The Senator says that when the mortgages are paid off in the interest of the mortgagor, the holder of the mortgage would get the bonds. Of course, he will. If the loan is made under the Senator's amendment to pay off and take up a mortgage, who does he think will get the cash? It will be the mortgagee. His argument is that the mortgagee should get the cash instead of being obliged to take his part of the sacrifice and carry some of it in bonds of the corporation.

Mr. TRAMMELL. Mr. President, I am not one of those who always seek the last word, but when my position has not been correctly stated, I feel that I am entitled to have another word to say.

This particular paragraph deals with loans and mortgages on the individual home or with the application that might be made by the individual owner. There is a paragraph in the bill, and I challenge the Senator from Ohio to deny it, which by its terms provides that this corporation can acquire and purchase mortgages held by mortgage credit companies, insurance companies, and building-and-loan associations. They are not specifically mentioned by name, but the provisions of the bill authorize that to be done and say it is one of the primary purposes of the bill. Is not that correct?

Mr. BULKLEY. Of course, the mortgage must be acquired from whoever holds it. If the mortgagee does not get paid, how can the mortgagor save his home? The loan is to the mortgagor and the benefit is to the mortgagor. The mortgagee must get some sort of payment to satisfy his obligation.

Mr. TRAMMELL. The Senator's admission makes it very clear that I have not stated a position not provided for in the bill.

Mr. BULKLEY. The Senator stated that he wants them paid in cash rather than bonds.

Mr. TRAMMELL. That is, the individual owner.

Mr. BULKLEY. The individual owner has to apply in every case.

Mr. LONG. Mr. President, I make the point of order that both the Senator from Ohio and the Senator from Florida have spoken more than twice on the pending amendment. [Laughter.]

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida to the amendment of the committee.

Mr. TRAMMELL. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. TRAMMELL. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum is suggested. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names.

Adams	Copeland	Kendrick	Robinson, Ind.
Ashurst	Costigan	Keyes	Russell
Austin	Cutting	King	Schall
Bachman	Dale	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Steiwer
Barbour	Dill	Lonergan	Stephens
Barkley	Duffy	Long	Thomas, Okla.
Black	Erickson	McAdoo	Thomas, Utah
Bone	Fess	McCarran	Thompson
Borah	Fletcher	McGill	Townsend
Bratton	Frazier	McNary	Trammell
Brown	George	Metcalf	Tydings
Bulkley	Glass	Murphy	Vandenberg
Bulow	Goldsborough	Neely	Van Nuys
Byrd	Gore	Norris	Wagner
Byrnes	Hale	Nye	Walcott
Capper	Harrison	Overton	Walsh
Caraway	Hatfield	Patterson	Wheeler
Carey	Hayden	Pope	White
Clark	Hebert	Reed	
Connally	Johnson	Reynolds	
Coolidge	Kean	Robinson, Ark.	

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Eighty-nine Senators having answered to their names, a quorum is present. The question is on the amendment of the Senator from Florida to the amendment of the committee.

Mr. TRAMMELL. Mr. President, I ask that the amendment be read.

The PRESIDING OFFICER. The amendment will be read for the information of Senators.

The LEGISLATIVE CLERK. The Senator from Florida proposes, in the committee amendment, on page 25, line 14, after the word "section", to add the following:

That direct loans in cash to home owners shall be made for the purpose of paying or settling an existing mortgage or other obligation upon the home, and this provision for loans direct to home owners shall be administered as one of the primary purposes of this act.

Mr. TRAMMELL. I ask for the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida to the amendment of the committee. [Putting the question.] The Chair is in doubt.

On a division, the amendment of the Senator from Florida to the amendment of the committee was rejected.

Mr. COPELAND. Mr. President, I wish to ask the Senator in charge of the bill a question. I am in receipt of the following telegram:

The difficulty in enacting a law to assist home owners is apparent. Many of your constituents purchased old houses in Rockland County and spent one thousand or more dollars modernizing them, thereby increasing the mortgage security. However, this was no part of original sale contract. No retroactive feature of the law is involved in an amendment to the proposed relief measure providing that mortgagors shall be credited with all expenditures upon improvements and betterments if the property goes to foreclosure.

I assume there will be a revaluation and all these matters will be given consideration?

Mr. BULKLEY. All these loans and adjustments are to be based upon new appraisals, and unquestionably the appraisal will take into consideration any value that may have been added to the property in the manner suggested by the Senator's correspondent.

Mr. COPELAND. So that no advantage would be gained by an amendment covering such cases?

Mr. BULKLEY. I cannot think what the amendment would be. It seems to me the appraisal would take into consideration the matters which the Senator's correspondent has in mind.

Mr. COPELAND. I thank the Senator from Ohio.

Mr. TRAMMELL. Mr. President, I desire to offer the following amendment to the amendment of the committee.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. The Senator from Florida proposes, on page 24, in line 22, after the word "authorized", to strike out "in its discretion", so as to read:

(f) The Corporation is further authorized, for a period of 3 years from the date of enactment of this act, in any case in which the holder of a home mortgage or other obligation or lien eligible for exchange under subsection (d) of this section does not accept the bonds of the Corporation in exchange as provided in such subsection and in which the Corporation finds that the home owner cannot obtain a loan from ordinary lending agencies, to make cash advances to such home owner in an amount not to exceed 50 percent of the value of the property for the purposes specified in such subsection (d).

Mr. BULKLEY. Mr. President, I have no objection to the amendment submitted by the Senator from Florida.

Mr. TRAMMELL. If it is satisfactory, I have nothing further to say. I have discussed the necessity for it more or less, and am glad to have the Senator accept the amendment.

The PRESIDING OFFICER. Without objection, the amendment of the Senator from Florida to the amendment of the committee is agreed to.

Mr. HEBERT. Mr. President, I wish to invite the attention of the Senator from Ohio to a peculiar condition that exists in the provisions of paragraph (e), on page 24, as compared with the provisions of paragraph (f), on page 25.

In paragraph (e) it is provided that where a home is not encumbered the corporation may loan up to 80 percent of its value, whereas in paragraph (f), where a home is encumbered and the mortgagee refuses to accept bonds, the mortgagor may not secure a loan in excess of 50 percent of the value of the property.

It seems to me there is a discrepancy there, though perhaps the Senator had something else in mind and I have not read it in the same light the Senator does.

Mr. BULKLEY. Of course, the purposes for which loans may be made in subsection (e) are so circumscribed that there probably never would be a case where as much as 80 percent would be loaned. Quite frankly, I will say to the Senator that I think 80 percent is a very high limit in that subsection.

Mr. HEBERT. I think so.

Mr. BULKLEY. But I do not think the criticism is serious, because the purposes for which the loans may be made are such that it would very seldom be reached.

Mr. HEBERT. Let me call the attention of the Senator to the fact that the purposes are the same in both paragraphs. They both refer to the purposes enumerated in subsection (d), and they have reference to the same subject; and that is what directed my attention to the difference. The purposes are the same in both instances; and it occurred to me that one should be reduced to the level of the other or the other should be raised to the maximum of 80 percent.

I could see no reason why a loan to the extent of 80 percent of the value should be made to the owner of real estate who has no mortgage outstanding on his property and a loan refused in excess of 50 percent of the value to one who has an obligation against his property.

Mr. BULKLEY. I desire to make clear to the Senator that I am quite ready to concede that the 80 percent in subsection (e) is an unduly high percentage. I do not, however, understand, as he does, that the purposes are the same.

The purpose of subsection (e) is to authorize advances for the same purposes for which cash advances may be made under subsection (d). Those are taxes, assessments, and necessary repairs. I submit that those purposes would hardly ever bring a loan up to 80 percent of the value of the property, whereas section (f) is for the purpose of permitting a home owner to pay off in cash a balance due on a mortgage.

Mr. HEBERT. That is the very point, and the limit is 50 percent there.

Mr. BULKLEY. The limit is 50 percent.

Mr. HEBERT. It seems to me it ought to be reversed, and that 80 percent should be provided the man who wishes to pay off in cash the balance due on a mortgage.

Mr. BULKLEY. The difficulty we find is that if we should make the limit for which we are willing to advance cash as high as the limit for which we are willing to trade bonds, we never would trade any bonds. It would all be cash.

Mr. HEBERT. I understand that.

Mr. BULKLEY. If the Senator wants to let this run into a cost of billions of dollars, then it would be possible to make those cash advances. Within a limit of $200,000,000, which we have set for ourselves in this bill, we do not think it possible to take over all of the home-loan mortgages that it might be wished to convert.

If the Senator desires to propose an amendment to reduce the limit in subsection (e) I shall have no objection, although, for the reasons stated, I do not think it is important.

Mr. HEBERT. Mr. President, I do not think the owner of property which is not at all encumbered should be privileged to borrow 80 percent of the value, whereas the owner of property that is encumbered should be limited to 50 percent. I think the same limitation should be placed upon the former that is placed upon the latter.

Mr. BULKLEY. I am obliged to make the same answer that I made the last time the Senator said that. The 80 percent in subsection (e) is unduly high; there is no question about that; but on account of the limitation of purpose it is not important to change it, although I am perfectly willing to do so.

Mr. HEBERT. No, Mr. President; but the purposes are the same, and refer to the same subsection in both instances.

In order to bring the matter before the Senate I move to change the figure "80", in line 14, on page 24, to "50."

Mr. BULKLEY. I have no objection to that amendment.

The PRESIDING OFFICER. Is there objection to the amendment offered by the Senator from Rhode Island to the amendment of the committee?

Mr. WAGNER. One moment, Mr. President. What is the purpose of that—that where property is unencumbered the owner can borrow only 50 percent of the value of the property?

Mr. HEBERT. For that specific purpose.

Mr. WAGNER. What specific purpose?

Mr. BULKLEY. Cash advances for the purpose of paying taxes, assessments, and necessary repairs. It is not an important amendment.

Mr. WAGNER. Perhaps it is not, but I should like to know a little more about it.

What does the Senator propose to do? As I understand, there is now a provision in the bill which permits an owner whose property is unencumbered to borrow money up to 80 percent of the value of that property, and give in return therefor a mortgage lien upon the property. Is the Senator now proposing to reduce the amount that may be borrowed from 80 percent of the value of the property to 50 percent?

Mr. HEBERT. No, Mr. President; if the Senator will read subsection (d)——

Mr. WAGNER. I will take the Senator's explanation.

Mr. HEBERT. If the Senator will read subsection (d) he will see that it provides for the advance of money to take care of the unpaid taxes, assessments, insurance premiums, overdue interest, and things like that, that the home owner may be owing. This provision would permit him to borrow up to 80 percent of the value of his property. In paragraph (f), where there is an outstanding mortgage, and the owner of the mortgage refuses to accept bonds in payment of it, then he may not borrow in excess of 50 percent of the value of the property for the same purposes. It seemed to me that the man who has a mortgage outstanding on his property should be the one to receive the more liberal consideration. If any more liberal consideration is to be given to one than to the other, it should be to the one who has a mortgage outstanding on his property; but both are for specific purposes.

Mr. WAGNER. Is the Senator changing the measure so that the particular mortgagor whose mortgage is exchanged, representing only 50 percent of the value of the property, may now borrow an additional sum above that 50 percent to pay taxes?

Mr. HEBERT. Oh, no; there is no such intention.

Mr. WAGNER. I think that ought to be done, as a matter of fact. That would be the fair way of dealing with the subject.

Mr. HEBERT. If they are going to be brought up to a parity, that might be done; but, as the Senator from Ohio has explained, these will probably be rare cases, and in no case will there be a necessity to loan anywhere near 50 percent to take care of the exigencies for which provision is being made here.

Mr. BULKLEY. That is correct.

Mr. WAGNER. I think that is correct, too.

Mr. HEBERT. Now, Mr. President, I offer the amendment, which I send to the desk.

Mr. JOHNSON. Mr. President, was the amendment that has been under discussion accepted?

Mr. BULKLEY. I should like to know whether the last amendment offered by the Senator from Rhode Island was agreed to or not.

The PRESIDING OFFICER. In the case of the last amendment, the Chair asked if there was objection; and at that point the Senator from New York [Mr. WAGNER] rose. So the amendment was not agreed to.

Mr. JOHNSON. What has been done with it?

Mr. HEBERT. I had supposed that the Senator from Ohio had no objection to the amendment, and that it would be accepted.

Mr. BULKLEY. To make sure what we are talking about, I will state that the amendment was, on page 24, line 14, to change "80" to "50." I have no objection to that amendment.

The PRESIDING OFFICER. The amendment of the Senator from Rhode Island to the amendment of the committee is to strike out "80" and to substitute "50" in the percentage on line 14 of page 24.

The amendment to the amendment was agreed to.

The PRESIDING OFFICER. The Senator from Rhode Island offers a further amendment to the amendment of the committee, which will be stated.

The LEGISLATIVE CLERK. On line 16, page 19, after the word "States", it is proposed to insert the words—

which shall have authority to sue and be sued in any court of competent jurisdiction, Federal or State——

Mr. HEBERT. Mr. President, the purpose of that amendment, of course, must be obvious. There is no provision in the bill now authorizing this corporation to sue in any court where there is failure to meet the conditions of a mortgage obligation, nor is there any provision authorizing anyone who has a claim against the corporation to bring suit against it. The amendment is to correct that oversight.

Mr. BULKLEY. Mr. President, I am not sure as to the necessity for this amendment; but it certainly is not objectionable. I shall be glad to accept it.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. HEBERT. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 29 it is proposed to strike out, in lines 10, 11, and 12, the words—

nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

And to insert—

nor if one or more properly conducted local thrift and home-financing institutions is then in existence.

Mr. HEBERT. Mr. President, paragraph (e), on page 29, places a limitation upon the authority of the corporation to issue charters to these building and loan and home-financing institutions. They may not grant a charter to such institutions unless the persons seeking charters are—

of good character and responsibility, nor unless in the judgment of the Board a necessity exists for such an institution in the community to be served, nor unless there is a reasonable probability of its usefulness and success, nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

There is no change in this paragraph except as to the last condition, namely—

nor unless the same can be established without undue injury to properly conducted existing local thrift and home-financing institutions.

It need not be stated, for it must be obvious, that this corporation, with the amount available to it under this bill, cannot organize home-financing institutions in all of the communities of the country; and it seems to me that the provision of the bill as it now stands might involve some duplication of effort in many cases where certain interests in a given community might want, for their own purposes, to establish such an institution where one already is in existence.

I do not mean to prevent such an institution from being established in a community where one is already there if the one in existence is not functioning properly, if it is not serving the needs of the community as it should, or if it is not a worth-while institution in every respect; but where one is established, where one is transacting business, where one meets all the requirements of a community, then clearly no good purpose could be served by having the competition of a Federal corporation in that community.

Mr. JOHNSON. Mr. President, will the Senator yield?

Mr. HEBERT. I yield.

Mr. JOHNSON. Will the Senator please state the language he employs in eliminating the condition contained in the bill?

Mr. HEBERT. Yes, Mr. President:

If one or more properly conducted local thrift and home-financing institutions is then in existence.

That is, at the time an effort is made to secure a charter for the organization of a Federal institution of that type in a community.

Then, again, it must be apparent to any one of us that the establishment of a Federal institution of this kind side by side with a local one, perhaps limited in finances, though serving the needs of the community, probably would drive the local institution out of existence.

Mr. JOHNSON. Mr. President, will the Senator pardon me if I inquire why the language that is employed in the bill does not accomplish the purpose suggested by the Senator better than the language he suggests?

Mr. HEBERT. For the reason, Mr. President, that the language of the bill leaves it to the discretion of the Home Loan Bank Board whether or not the establishment of another institution of this kind will work an injury. It is left to the discretion of the Board.

Mr. BULKLEY. Does it not also leave it to the discretion of the Home Loan Bank Board, under the amendment as proposed by the Senator, to determine whether a local home-financing institution is or is not properly conducted?

Mr. HEBERT. That may be.

Mr. BULKLEY. It is about as broad as it is long. The Board must have some discretion anyway; and surely the Board could not establish an institution which, as the Senator suggests, would drive somebody else out of existence without a gross violation of the act, because we are proposing here that they must be "established without undue injury to properly conducted existing local thrift and home-financing institutions."

Mr. HEBERT. That does not limit it very much, because whether or not the establishment of a new institution is going to work undue injury is a question of opinion, and in this case it would be much easier to ascertain, because the facts are already in existence, whether a local institution is serving the public, and much more difficult to ascertain whether or not the establishment of another institution is going to be injurious.

Mr. BULKLEY. The difficulty is that some communities are very large. Take Chicago, for instance; would the Senator say that if one or two institutions existed in Chicago it would be an undue hardship to have another one established alongside of them? The power we propose to give here is quite similar to the discretion given to the Comptroller of the Currency with respect to chartering national banks. On the whole, that power has not been abused. Of course, it is a question of judgment, and there may be errors of judgment, but it seems to me that the language in the bill as it is written is sufficiently protective of existing institutions.

Mr. HEBERT. Mr. President, I do not think so. The city of Chicago, of course, is not one single locality within the purview of this legislation. These local institutions serve small communities within the large communities, as the Senator well knows.

Mr. BULKLEY. That is probably true, but that is all within the judgment of the Home Loan Board. It must be left to the discretion of the Home Loan Board as to what constitutes a community.

Mr. HEBERT. I cannot agree to that. But it seems to me that this language which I have suggested would still leave it to the determination of the Board. It will not be so difficult of ascertainment as would the language in the bill. That is the reason why I have suggested the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Rhode Island to the amendment of the committee.

On a division, the amendment to the amendment was agreed to.

Mr. BRATTON. Mr. President, I offer an amendment. On page 19, strike out lines 7 to 11, inclusive, as follows:

REPEAL OF DIRECT-LOAN PROVISION OF FEDERAL HOME LOAN BANK ACT

SEC. 3. Subsection (d) of section 4 of the Federal Home Loan Bank Act (providing for direct loans to home owners) is hereby repealed.

This is a matter to which we addressed ourselves earlier in the day. The original Home Loan Act authorized home-loan banks to make loans direct to individual home owners. The banks have not exercised that power. For reasons known to themselves, they have declined to do so. They have contented themselves with lending money to building and loan associations, to be loaned, in turn, to the borrowers from those associations.

As stated, the original act empowered home-loan banks to make loans direct to home owners. Now it is proposed to repeal that provision and to take away from the home-loan banks even the power to make such loans.

Mr. President, extraordinary circumstances are easily conceivable where a home-loan bank might exercise the power in the interest of a distressed home owner who, with adequate security, is unable to obtain relief elsewhere. I see no reason for arguing that the provision should be repealed simply because another system is created under this measure. If the banks continue to decline to exercise the power, it will remain a dead letter, just as it is today. But why should we take it away? Why should we repeal the provision? I think we are traveling in the wrong direction. It should be

continued, and, if possible, the banks should make loans of that character.

The distinguished Senator from Ohio, in charge of the bill, says that it would be expensive and difficult to create the machinery throughout the country to apprize property, to inspect property, and to take the other steps necessary to make individual loans. We can understand that perfectly. Perhaps a general system of that kind would never be created under the act. But why not leave the law in force, so that if, through changed circumstances or otherwise, these several home-loan banks can lend or will lend money direct to home owners, if they have the money and are willing to lend it, they may be permitted to do so? Why should we repeal the law and take from these banks the power to make loans direct to home owners?

The Senator from Ohio says that it places the home-loan bank in direct competition with building and loan associations existing throughout the country. No more so than the Federal land bank is in direct competition with mortgage companies making loans direct to farmers throughout the country. The mortgage companies could make the same argument against continuing the Federal land bank system, namely, that it comes in direct competition with them.

Mr. President, we all know that the building and loan associations are not meeting the demands; they are not meeting the legitimate demands; they are not meeting the urgent demands; they are not meeting demands coming from distressed home owners. I do not say that in a spirit of criticism. They are not able to do so. Economic conditions make it so. They are unable to meet these demands. They are not seeking loans; they are not looking vainly for places to lend money on adequate security. They are not endangered by competition. There are many times more demands for loans than the building and loan associations can supply.

During these unfortunate and stressful days we may well leave this original provision in force. If it is exercised, if loans are made, much the better. If they are not made, it remains a dead letter, inoperative, no good, no harm.

I therefore urge upon the Senator from Ohio that he accept the amendment, and leave the original provision of law in force for whatever good it may accomplish. It certainly can do no harm.

I hope very much that the Senator will accept the amendment.

Mr. BULKLEY. Mr. President, in view of the consideration that was given to this subject in the committee I do not feel at liberty to accept the amendment. We talked some time ago about this subject, and I expressed to the able Senator from New Mexico my views that the parallel with the Federal land bank is not quite sound, because, after all, the Federal land banks do lend their money not to the individual borrower but to the local association. The local farm associations are organizations of borrowers who have subscribed to capital stock, and have some liability, local liability, behind the advances which are made by the Federal land banks. That local liability, the dealing with the borrower by somebody who knows the borrower, is worth something to the security of the land banks and of the home-loan banks.

The Senator suggests that if the home-loan banks continue as they have in the past, and refuse to make any of these direct loans, then no harm will have been done by the amendment. Unfortunately, I do not think that is true. The effort we are making is to get loans to home owners at the lowest possible rate of interest. Unless we are to make this a subsidized proposition out and out, the cost of the money to the home owner must depend upon the cost of the money to the home-loan bank, must depend upon the rates at which it can sell its bonds.

The obligation of the home-loan bank which directly deals with individual borrowers cannot possibly be regarded as an investment on a parity with bonds of a bank of rediscount, or a bank which takes only endorsed paper on which there is the responsibility of a local association, as well as the responsibility of the borrower.

The direct-loan plan has been tried—it is not satisfactory, it is not successful. The home-loan banks cannot extend their facilities for dealing with home owners directly without a large and unnecessary cost, which will increase the cost which every home owner must pay; nor can they sell their bonds as advantageously as will be possible if we keep them strictly as banks of rediscount.

Therefore, with much sympathy in the purpose by which the Senator from New Mexico is actuated, I respectfully have to differ from him and hope that his amendment will be defeated.

Mr. BRATTON. Mr. President, I shall not detain the Senate long. The Senator from Ohio points out that in a technical sense, perhaps a supertechnical sense, a borrower from a Federal land bank does go through a local association; but in a practical sense he borrows the money direct from the Federal land bank. Therefore, I see no distinction, in a practical sense, in the degree of competition between a Government agency here and in the case I have instanced.

Mr. President, the Senator from Ohio says the system has been tried out and found impracticable. According to my understanding, not a single loan has been made under that provision of the law. My information is that not a single loan has been made direct from a home-loan bank to an individual borrower. It seems to me, therefore, that it cannot be said with justification that the system has been tried and found to be unsatisfactory.

Mr. BULKLEY. Mr. President, I want to be fair to the Senator about that. It is perfectly true that no such loans have been made, and it is impracticable, under the existing law. There is a provision of law with which no doubt the Senator is familiar, that such loans are limited to 40 percent of the value of the collateral, and most of these borrowers have borrowed more than that, so that there is that additional reason why it has proven a handicap.

Mr. BRATTON. It is a handicap. Every one familiar with the situation concedes that. But why not continue the facility for whatever it may accomplish to home owners in this period of distress?

I shall not detain the Senate longer. I submit the amendment, and I hope it will prevail, and that the law authorizing these banks to make direct loans will be continued.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. BRATTON] to the amendment of the committee.

Mr. BRATTON. I ask for a division.

On a division, the amendment to the amendment was agreed to.

Mr. HARRISON. Mr. President, the Committee on Finance will meet at 4 o'clock this afternoon, and the Senate might adjourn a little earlier than we thought. The committee expects to make its report this afternoon, and I am asking unanimous consent, rather than keep the Senate unnecessarily in session, that the Committee on Finance may submit its report on the public construction bill by handing the report to the Secretary of the Senate, so that it may be printed and be ready for consideration tomorrow.

The PRESIDING OFFICER. Is there objection?

Mr. REED. Mr. President, I understand that the Senator from Oregon [Mr. MCNARY] wished to be present when that request was made. So, reserving the right to object, I suggest the absence of a quorum.

Mr. HARRISON. I do not want to have a call of the Senate. I hope the Senator from Pennsylvania will withdraw his point of no quorum, and then when the Senator from Oregon shall return to the Chamber, I shall come out of the committee and make the request.

Mr. REED. Very well; I withdraw the point of no quorum.

Mr. WAGNER. I offer the amendment which I send to the desk to the committee amendment.

The PRESIDING OFFICER. The amendment to the amendment offered by the Senator from New York will be stated.

The LEGISLATIVE CLERK. On page 23, line 23, it is proposed to strike out the period and to insert a semicolon and the following:

And no payment of any installment of principal shall be required during the period of 3 years from the date this act takes effect, if the home owner shall not be in default with respect to any other condition or covenant of his mortgage.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the amendment of the committee.

Mr. WAGNER. Mr. President, I think that a mere statement of the situation will persuade the Senate that this amendment ought to be adopted. I have used the language in the amendment which now appears in the Farm Mortgage Loan Act which the Senate passed some time ago. In that act we provided a 5-year moratorium, that is, a deferment of payment of the principal of a mortgage. The idea was, the farmer being in distress and threatened with foreclosure, to give him definitely a period in which to readjust his affairs, and not make him rely upon some board in some particular locality in whose discretion and upon whose judgment depended the decision as to whether or not the farmer should get a moratorium. Since the home owners are in a similar distressed condition—I need not paint that picture; I am sure everybody here knows that they are distressed or else this proposed legislation would not be here—I am simply pleading with the Senate that those home owners receive treatment similar to that which we have accorded to the farmer, except that I do not propose that the period shall be so long as is provided in the Farm Loan Mortgage Act. In that act it was 5 years; in this amendment I am limiting it to 3 years.

Mr. BULKLEY. Mr. President, I regret that the Senator did not bring this matter up in the committee rather than on the floor of the Senate, but, as he has stated, there is some parallel between the condition of the home owners and the condition affecting the farmers which resulted in the formulation of the legislation which we recently enacted. I shall not object to the amendment being taken to conference, although, as it has not been considered by the committee, I do not want to make further commitment regarding it.

Mr. WAGNER. May I just make an observation as a sort of excuse for not offering the amendment before the committee? The bill as originally introduced contained a provision for a 3-year moratorium, and I assumed that that provision remained throughout the consideration of the proposed legislation in both Houses.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the committee amendment.

Mr. HATFIELD and Mr. HEBERT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from New York yield; and if so, to whom?

Mr. WAGNER. I yield first to the Senator from West Virginia.

Mr. HATFIELD. Does the amendment offered by the Senator from New York authorize a direct loan to the home owner?

Mr. WAGNER. No; the amendment has nothing at all to do with loans. It applies after the loan shall have been made or where an exchange has taken place and the mortgage is taken over by the corporation created under this proposed act, and provides that then the home owner shall have a period of 3 years, during which he shall not be required to pay anything upon the principal of the mortgage, not the interest; I am not dealing with the interest at all.

Mr. HEBERT. Mr. President——

The PRESIDING OFFICER. Does the Senator from New York yield to the Senator from Rhode Island?

Mr. WAGNER. I yield.

Mr. HEBERT. Mr. President, does the Senator's amendment make it obligatory upon the corporation to permit the mortgagor to cease payments?

Mr. WAGNER. It gives the mortgagor a moratorium of 3 years——

Mr. HEBERT. Absolutely?

Mr. WAGNER. Absolutely upon the principal of the mortgage, not upon the interest. I have stated to the Senate that when we had up for consideration the farm mortgage bill, of which on behalf of the committee I had charge, we gave the farmer—and I think it was just treatment of him—a period of 5 years during which he did not have to pay any installment upon the principal of his mortgage, and I am asking that the home owner be accorded the same privilege, except that I am limiting the period to 3 years instead of 5 years.

Without such a provision I may say that this bill will do very little to help the home owner who is in a distressed condition because this legislation is proposed by reason of the fact that he is unable to meet the principal, and, therefore, the Government is coming to his assistance.

Mr. HEBERT. I assume the Senator is familiar with the provision beginning in line 18, on page 23 of the bill?

Mr. WAGNER. Does the Senator mean the provision giving the Board discretionary power?

Mr. HEBERT. Yes.

Mr. WAGNER. Under that provision it would be possible to have various boards exercising their judgment in a different way; there would be opportunities for favoritism in all these administrative matters to which, during these distressing days, I do not think the home owner ought to be subjected to. We thought so in the case of the farmer and we ought to apply the same rule to the home owner.

Mr. HERBERT. I am quite in accord with the Senator's view that if we extended that privilege to the farmer we ought to extend it to other home owners equally.

Mr. WAGNER. We did extend it to the farmers.

Mr. HEBERT. I wish to ask the Senator another question. Will that absolve the mortgagor from paying interest on his loan during that time?

Mr. WAGNER. No; the moratorium has nothing to do with interest.

Mr. HEBERT. It merely applies to the payment of the installments on the principal?

Mr. WAGNER. It applies to the installments upon the principal, to the liquidation of the principal of the mortgage.

Mr. HEBERT. The amortization of the mortgage?

Mr. WAGNER. The amortization of the mortgage.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York to the committee amendment.

The amendment to the amendment was agreed to.

Mr. FRAZIER. Mr. President, in subsection (f), on page 25, in the provision for direct loans to individuals, it is set forth that interest shall be paid at the same rate as provided in the mortgage or other obligation taken up. It seems to me that that is absolutely unfair and would be practically of no benefit to the individual home borrower. In my State many of the loans now bear a rate of interest of 8 or 9 or 10 percent, and the rate under this provision should be lower. So I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from North Dakota offers an amendment to the committee amendment, which will be stated.

The LEGISLATIVE CLERK. In the amendment of the committee, on page 25, lines 10 and 11, it is proposed to strike out the words "at the same rate as the mortgage or other obligation taken up" and insert "at the rate of 5 percent per annum."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment reported by the committee.

Mr. FRAZIER. Mr. President, the amendment, if adopted, would simply make the provision read as follows:

Each such loan shall be secured by a duly recorded home mortgage and shall bear interest at the rate of 5 percent per annum.

Mr. BULKLEY. Mr. President, that will cost hundreds of millions of dollars more than the bill as it now stands.

Mr. FRAZIER. Mr. President, the bill is pretended to be for the benefit of the home owner, and if it is going to be for

the benefit of the home owner it seems to me the rate of interest should be reduced.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Dakota to the amendment reported by the committee. [Putting the question.]

Mr. FRAZIER. I ask for a division.

Mr. LONG. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Kendrick	Robinson, Ind.
Ashurst	Costigan	Keyes	Russell
Austin	Cutting	King	Schall
Bachman	Dale	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Steiwer
Barbour	Dill	Lonergan	Stephens
Barkley	Duffy	Long	Thomas, Okla.
Black	Erickson	McAdoo	Thomas, Utah
Bone	Fess	McCarran	Thompson
Borah	Fletcher	McGill	Townsend
Bratton	Frazier	McNary	Trammell
Brown	George	Metcalf	Tydings
Bulkley	Glass	Murphy	Vandenberg
Bulow	Goldsborough	Neely	Van Nuys
Byrd	Gore	Norris	Wagner
Byrnes	Hale	Nye	Walcott
Capper	Harrison	Overton	Walsh
Caraway	Hatfield	Patterson	Wheeler
Carey	Hayden	Pope	White
Clark	Hebert	Reed	
Connally	Johnson	Reynolds	
Coolidge	Kean	Robinson, Ark.	

The PRESIDING OFFICER. Eighty-nine Senators having answered to their names, a quorum is present. The question recurs on the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment reported by the committee.

Mr. LONG. Mr. President, this amendment simply is to make the interest rate uniform. As provided by the Senate committee amendment, the mortgage loan is to be taken up, and the Government board is to charge the same rate of interest that is being charged on the particular mortgage. That means 5 percent in New Jersey, 8 percent in Louisiana, and perhaps 12 percent in some other State. The amendment of the Senator from North Dakota simply makes it a uniform rate so that when the Government takes up a mortgage it shall not charge more thereafter than 5 percent. There will be some States that will be getting the benefit of a 5-percent rate. Some will be getting the benefit of an 8-percent rate. The money does not cost the Government more than 5 percent—indeed, not that much—and we ask that there be a uniform interest rate of 5 percent per annum, which many of the States will get anyway, and which some of us will be denied without the amendment.

I ask for the yeas and nays on the amendment of the Senator from North Dakota.

Mr. BULKLEY. Mr. President, the question comes to the whole workability of the bill. It is not a question of what the Government gets or charges on any one specific loan. It is a question of keeping the whole amount of the operation within the limits that are practicable for us to go. We have provided $200,000,000 capital for this institution. That is all it will have in cash. It is true it will have the right to issue $2,000,000,000 of bonds, but those being 4-percent bonds, it is a serious question whether they can sell at par. In fact, we are not contemplating that the bonds will be sold at all. We are contemplating that they will be traded out in payment for these mortgages.

We have provided that within a certain limit, when a mortgage has been taken for less than 50 percent of the value of the property and where the mortgagor has been pinched, the corporation will come to his rescue by advancing sufficient cash to pay off the mortgage. We want that to be confined to cases that are really in distress. We do not want it to go so far as to cause people to want to shift merely for the sake of getting a lower rate of interest. If that is the object, if we want merely to make loans for a lower rate of interest, we can do a volume of business out of all proportion to the amount of money here proposed.

Mr. LONG. Mr. President, what has that to do with it? We will be lending some of this money at 5 percent, because that is the legal rate of interest in some States.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator from Ohio will permit me?

Mr. BULKLEY. I yield.

Mr. ROBINSON of Arkansas. To fix a 5-percent rate of interest would invite every mortgagor to seek to refinace his mortgage whether there was a real necessity for it or not, and would swell the total volume of the business transacted to so many billions of dollars that the Government probably could not finance it at all.

Mr. BULKLEY. That is exactly the situation. If we offer to lend cash or advance it at a rate below the fair going-market rate, if we are going to do so large a business as that would involve, we will have to provide not $200,000,000, but we will have to run into the billions of dollars; we will have to run into an amount that I have no doubt would invite a Presidential veto of the measure.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BULKLEY. I yield.

Mr. WHEELER. Why not say not to exceed 6 percent?

Mr. BULKLEY. To make it as low as 6 percent would be subject to the same objection.

Mr. WHEELER. I do not think so at all. For instance, in the city of Washington a man borrowing money pays 5 or 5½ percent. If the Government is going to loan money at 5 percent in the city of Washington to take up mortgages for the people here, why should not they take up the mortgages for people living in the city of Butte, Mont., or the city of Fargo, N.Dak., or some other place at the same rate of interest? There is nothing to compel the Government to take up these mortgages. The Government would only take them up, I believe, where there is some necessity for them to be taken up. But we should not discriminate; the Government ought not to discriminate against the West or the South.

Mr. BULKLEY. When the Government gives the borrower the same rate of interest that he has bargained for and agreed to pay, there is no discrimination.

Mr. WHEELER. Oh, yes; there is discrimination.

Mr. ROBINSON of Arkansas. Mr. President, if we fix by law a lower rate of interest than the borrower is paying, he will naturally wish to refinance his loan. He would be foolish if he did not. That means that every borrower in the United States who is paying in excess of 5 percent, or whatever rate might be fixed, will immediately seek to refinance his loan and get the benefit of the lower rate of interest.

Mr. WHEELER. I appreciate that.

Mr. ROBINSON of Arkansas. The Government would take over the entire home-loan business.

Mr. WHEELER. I think we are coming to identically that situation anyway.

Mr. BULKLEY. We have a good deal of danger in it anyway, and we do not want that increased by any such provision as is proposed.

Mr. WHEELER. Here is what we will run up against: The Government of the United States will start lending money to the people of the city of New York or the city of Washington at 5 percent, while they will charge my people in Montana 8 or 10 percent, and they will charge the people of North Dakota and other western and Northwestern States 8 or 10 percent. Then we are going to have the greatest charge of discrimination against the Government that we have ever had. I do not want my people saying to me and I do not want to hear the people of the West and South saying that the Government of the United States discriminated against them in favor of some eastern cities where the rate of interest is already lower than it is in the other sections to which I have referred. A private borrower can discriminate in that way, but it seems to me we are placing the Government in a bad position if we undertake to do it.

I do not want to have any criticism against the Government of the United States or against the administration that we can possibly avoid having. If we arrange to loan money to the people of the city of Washington or the city of

New York or some other eastern city at 5 or 6 percent or 4 percent and charge the people of Montana, North Dakota, Minnesota, and the Middle West and South 8 percent, we will have the greatest orgy of criticism against the Government that we have had in this country for a long time.

We are discriminating enough now. We will have pressure brought to bear by the many mortgage holders in the cities of the East to relieve them. It seems to me we are going to meet with a tremendous lot of trouble if we do not lower the rate of interest or regulate it and make it uniform.

Mr. BULKLEY. How much does the Senator want to loan altogether in cash advances?

Mr. WHEELER. That has not anything to do with it.

Mr. BULKLEY. It has a great deal to do with it.

Mr. WHEELER. Not in the slightest degree.

Mr BULKLEY. How are we going to restrict the amount?

Mr. WHEELER. How are we going to restrict it, anyway?

Mr. BULKLEY. It restricts itself if we keep it within bounds. We must not make it too desirable.

Mr. WHEELER. It is not restricted at all under the present bill. I venture the assertion that every man in the State of Montana will want to borrow money from the Government of the United States if he has to pay the same rate of interest he is paying now, because he is going to feel that the Government of the United States is not going to foreclose his property, that it cannot very well do it, or at least it will not do it the same as a private lender would. If the Government of the United States loans the money, then it is going to have to determine whether or not the applicant is liable to lose his place if we do not lend him the money. If we do lend the money, it seems to me the same rate of interest ought to apply in one section of the country that applies in other sections. If not, we are bound to array one section of the country against the Government and against other sections of the country. I do not want to see it. I think it is a very bad practice for the Government to put itself in a position where it will array different sections of the country against other sections.

Mr. BULKLEY. The Senator has nearly convinced me that the Government should lend no money at all under any circumstances.

Mr. WHEELER. I am frank to say that unless we give the people of the country the same general rate, the policy adopted here is not going to do very much good, in my judgment.

Mr. BULKLEY. It is not going to do any good if we allow the people to shift their loans to the Government in order to get a lower rate of interest.

Mr. WHEELER. They are going to shift not simply to get a lower rate of interest but many of them will shift regardless of whether they get a lower rate of interest, because they will feel so much safer with the Government of the United States making the loan to them than if some private individual had made the loan. Would not the Senator feel safer and would not I feel safer if I knew the Government of the United States had made the loan, and I could appeal to my Representative or Senator? I could go down and have my Senator or Representative appeal to the Department and say to the Department, "You must not foreclose this loan." I would feel safer about it than if I had some private individual holding the mortgage and insisting, "If you do not pay this loan, I am going to foreclose and set you out on the street."

Then the question is, What rate of interest shall be fixed? It ought to be the same, and it will not make a particle of difference, in my judgment, in the administration of the provisions of the measure, except that it will stop a very severe criticism that we will get if it can be said, "Yes, the Government lends money to the city of New York and the city of Washington for 5 percent or 4 percent, but it charges the people out here in the West and Northwest in these small towns 8 percent or 10 percent."

Mr. LONG. Mr. President, will the Senator permit me to interrupt him for just a moment?

Mr. WHEELER. I yield.

Mr. LONG. What is the interest rate we have in the Farm Loan Act? Is not that a fixed rate—5½ or 5 percent?

Mr. WHEELER. Yes; we have a fixed rate there.

Mr. LONG. What is the excuse for making fish out of one and fowl out of the other? There is no reason why we should do one thing in one act and another thing in another act.

Mr. BULKLEY. Mr. President, the farm-loan proposition is not a cash advance. It is a bond exchange; and we have the same proposition here, 5 percent, when it is a bond exchange. In this section we are trying to protect the amount of cash advances that the Government will be obliged to make.

Mr. BLACK. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER (Mr. BRATTON in the chair). Does the Senator from Montana yield to the Senator from Alabama?

Mr. WHEELER. I do.

Mr. BLACK. Has the Senator offered an amendment which will provide that the interest rate shall be the same throughout the country?

Mr. WHEELER. The Senator from North Dakota [Mr. FRAZIER], I think, has offered an amendment to the amendment of the committee making the interest rate 5 percent per annum in all sections of the country.

Mr. FRAZIER. Mr. President, the Senator from Ohio [Mr. BULKLEY] seems to think too many applications for loans would come in if the rate of interest were fixed at 5 percent.

The home bank bill contained a clause for individual loans. There has not been a single individual loan made, and there is a lot of criticism all over the country; and if this provision remains as it is written in the bill by the committee, there will not be any individual loans made here.

If we want the same criticism from the individual home owners who need to save their homes, let us pass the bill as it is, allowing the rate of interest to be whatever the rate of the existing mortgage is. Out in our part of the country it is from 8 to 10 percent; and there will not be any loans made by the Government under those conditions. If the bill is going to be of any benefit to these home owners, if it is going to save their homes, the rate of interest should be lowered to 5 percent.

Under subsection (d) provision is made for loans up to 80 percent of valuation at 5 percent. This provision is for loans up to 50 percent of valuation at 5 percent, if this amendment is adopted.

Mr. BULKLEY. Mr. President, I have explained the distinction there. One is a bond exchange, and the other is a cash advance.

Mr. LONG. Mr. President, I know that several of the Senators did not catch that point. Under the Farm Loan Act we loan 80 percent of the value at 5-percent interest. That is true, is it not?

Mr. FRAZIER. No; 50 percent of the value on farm loans.

Mr. LONG. But under this bill what is done?

Mr. FRAZIER. In subsection (f) of this bill it is provided that not to exceed 50 percent of the value of the property may be loaned; and the amendment would make the interest rate 5 percent.

Mr. LONG. All right.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment of the committee.

Mr. GORE. Mr. President, the Senator from Arkansas [Mr. ROBINSON] a few moments ago not only stated the truth, he stated the whole truth. He said that if this amendment is adopted it will not be long before the Federal Government will take over the entire home-loan business of the country.

Certainly that is true. I do not suppose any Senator lays to his soul the flattering unction that this does not mean that sooner or later the Federal Government will make all these loans on all these homes.

The thing that impresses me, and gives me some concern, is to see "potent, grave, and reverend signiors" discussing the imaginary difference between a 3-year and a 5-year moratorium.

What is the difference? Will not the moratorium be made perpetual? Senators rise in their places and discuss the imaginary difference between 5 percent interest and 8 percent interest under this scheme. What is the difference? Neither will be paid.

The Senator from Montana [Mr. WHEELER] stated another truth. He said that he would feel much safer if his loan were placed with the Federal Government rather than a private lending concern. He said he did not believe the Federal Government would foreclose the mortgage. Certainly it will not. Suppose we make loans to 1,000,000 or 2,000,000 farmers, and they demand extensions, reductions, cancelations. What answer will Senators make?

Mr. WHEELER. "Cancel."

Mr. GORE. The Senator from Montana says "cancel", and echo answers "cancel", a chorus answers "cancel." There is no other course. Farmers are human; Senators are human.

Senators cannot resist the irresistible. Did we not witness here on Friday last the Senate yielding to a demand of veterans, only a small percentage of the number that will have these loans before this system is closed?

Mr. DILL. Mr. President, will the Senator yield there?

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Washington?

Mr. GORE. Yes, sir.

Mr. DILL. I remind the Senator that the Federal land banks have been foreclosing on farmers. I do not think the Senator's argument is backed by the facts in connection with the Federal land banks.

Mr. GORE. Mr. President, sad to say, there have been some foreclosures, and with what result? How many Senators have been appealing to these banks not to foreclose? And did not the Federal Government, a year ago, make another advance of $125,000,000, with the express stipulation that $25,000,000 should be used to avoid and avert foreclosures? Have we not just revised our entire Federal land-loan system? Congress has extended the time, reduced the rate, and granted a 5-year moratorium. That is the point. The future will reenact the past.

What is the nature of the amendments offered here today? Every one of these bills that have come forth provides for easier terms, lower rates, longer terms, wider moratoriums—merely adjourning a day that is inevitable.

Mr. President, I am willing to go as far, willing to go as fast, as whoever goes farthest and fastest in an effort to find and to apply a just, reasonable, and effective solution for our debt problem. That is the problem that staggers us, that staggers the debtors of the country. I am willing and anxious to pass laws that will enable our people to get out of debt rather than to pass so many laws enabling them to get deeper into debt—deeper in the quicksand, deeper in the quagmire of debt.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from North Dakota [Mr. FRAZIER] to the amendment of the committee.

The amendment to the amendment was rejected.

Mr. DILL. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. At the end of subsection (j) of section 4, on page 26, it is proposed to insert the following:

The President shall appoint one home-loan agent for each State, by and with the advice and consent of the Senate; and the Corporation shall fix the salary of each home-loan agent, but not in excess of $6,000 per annum. The home-loan agent in each State shall be under the direction of the Corporation, and shall perform such duties as the Corporation may direct, and, subject to the approval of the Corporation, shall appoint and fix the compensation of such officers and employees, attorneys, and agents within the States as the Corporation may find are necessary to the performance of the work of the Corporation, without regard to the provisions of other laws applicable to the employment or compensation of such employees of the United States.

Mr. DILL. Mr. President, the purpose of this amendment is to put a stop to the past practices of the officials of this Government in the appointment of the men who are to carry out these emergency measures.

I remind the Senate that we passed the reforestation bill without incorporating in it any provision for control of the appointment of those who were to have charge of the operation of that bill; and what do we find? We find that instead of controlling the work from Washington, D.C., it has been turned over to the State relief commissions, and they are selecting the officials in the various States. They have control; and the Federal Government officials are simply rubber stamps.

We put in the farm bill no provision whatever for selection and confirmation of those who were to carry out those administrative parts of the bill that were to be administered throughout the States; and what has the Secretary of Agriculture done? He has turned over to the Governor and the chief justice of the supreme court of each State the selection of the men who are to administer the emergency provisions of the farm bill; and again the Federal officials here have nothing to say about it. It is the most unheard-of and indefensible procedure I have ever known.

It seems to me that with those two instances before us, with at least the complaint, if not an actual scandal, hanging around the reforestation officials already in the buying of toilet kits for the men in the reforestation camps, it is about time some little Federal control was exercised in the selection of the men who are to administer these laws.

For that reason I have offered here an amendment to provide that the President shall name these agents, and in order that some investigation shall be made by responsible committees of the Senate of the men who are to administer this statute, and that they shall not be appointed by State officials who have no responsibility whatsoever to the Federal Government or to the Congress.

I do not care to take up the time of the Senate in arguing the amendment further. It seems to me that on its face its need is so pressing that it should be adopted unanimously.

Mr. LONG. Mr. President, as I understand—I was not in the Chamber at the moment the amendment was offered—the Senator proposes that this act shall be administered by a State administrator confirmed by the Senate.

Mr. DILL. I propose that the men in the various States who are to carry it out shall be appointed by the President, with the advice and consent of the Senate, and that the employees and assistants under him shall be recommended by him, but approved by the corporation; and that the number of them, their compensation, and their duties, shall be determined by the corporation.

Mr. LONG. Mr. President, I wish to say that the Senator's mention of the recent fraud and corruption that at least is alleged to have been going on under these appointments that are springing up like mushrooms, such as this kit sale and other things of its kind, certainly convinces me that the Senator is right, and that we ought to follow the safe and ordinary course, and have appointments that the Senate will confirm. By that means we will avoid many hours of grief that we are having already as a result of this departure from that safe precedent.

Mr. BULKLEY. Mr. President, of course the subject matter of this amendment has not been before the committee, and I cannot speak for my colleagues. I do not wish anything I say to seem to be en endorsement of any criticism of other administrations that have been set up under emergency legislation; but I see no reason why we should not accept this amendment and let it go to conference.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington [Mr. DILL] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. BONE. Mr. President, I send to the desk an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 25, line 20, after the word "trust", it is proposed to insert—

or under power of attorney, or by voluntary surrender to the mortgagee.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington to the amendment of the committee.

Mr. BONE. Mr. President, this amendment has to do with the recovery of a home lost by mortgage foreclosure, and merely broadens the power of the corporation to relieve that type of victim. The present provision of the bill is that the corporation is authorized, for a period of 3 years after the date of enactment of the measure, to exchange bonds and to advance cash to redeem or recover homes lost by the owners by foreclosure or forced sale by a trustee under a deed of trust; and then the amendment proposes to insert the provision—

or under power of attorney, or by voluntary surrender to the mortgagee.

It merely broadens the measure; and I understand that the committee is willing to accept the amendment.

Mr. BULKLEY. Mr. President, this amendment is in line with the policy of the committee in drafting the subsection, and I feel safe in saying that it actually improves the language of the section. I hope it will be agreed to.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Washington to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. LONG. Mr. President, I move a reconsideration of the vote by which the amendment of the Senator from North Dakota [Mr. FRAZIER] was defeated. It is the amendment on page 25 which proposed to make the interest rate a flat 5 percent.

I move a reconsideration of that vote; and before yielding the floor—because it seems that my good friend from Ohio [Mr. BULKLEY] wants to apply the ax to this motion—I wish to say that I think we ought to have a record vote on this question. It is about the most important amendment we have voted on. Many Senators were not here at the time; and we ought not to pass on this question without a record vote.

Mr. TRAMMELL. Mr. President——

Mr. LONG. I yield to the Senator from Florida.

Mr. TRAMMELL. I desire to state that I am heartily in sympathy with that view. Let Senators express themselves on these matters which are of vital concern to the home owners of the country.

Mr. LONG. I agree with the Senator from Florida.

Mr. President, I do not think Senators want to leave here without a record vote on this matter. When only a few of us participate in a vote, it does not develop the sentiment of the Senate on an important matter of this kind.

This amendment provides for a uniform interest rate throughout the country. If the interest rate in New Jersey is 5 percent—and I understand that to be the legal rate of interest in that State——

Mr. KEAN. No, Mr. President; it is 6 percent.

Mr. LONG. Well, I am willing to make it 6 percent in this amendment, if the Senator wants to have it 6 percent. I wonder if I may get the consent of the Senator from North Dakota to make this 6 percent instead of 5 percent? I want to be liberal about it.

Mr. FRAZIER. Mr. President, as I understand, the motion to reconsider would have to be agreed to before we could change the rate. Six percent would be a great deal better than the present provision.

Mr. LONG. I may state, may I not, that we will modify the amendment so as to make it 6 percent if the motion to reconsider is agreed to?

Mr. FRAZIER. I will make it that.

Mr. LONG. I ask unanimous consent, with the consent of the Senator from North Dakota, to make the figure in the amendment 6 percent instead of 5 percent.

The PRESIDING OFFICER. That can be done only by unanimous consent to reconsider the vote by which the amendment offered by the Senator from North Dakota was rejected.

Mr. LONG. Then, on behalf of the Senator from North Dakota and myself and others of us, with the permission of the Senator from North Dakota, I announce that if the vote is reconsidered, we will make this amendment provide for 6 percent, so that there will be that much more allowed.

I have not read the act lately, but I am told that we made the Farm Mortgage Act a bond proposition, with the bonds bearing 4 percent and the loans 5 percent. In this instance we will make the figure 6 percent, and there is no reason under the sun why, if we are to lend this money to the people of the country to save their homes, the man in New Jersey shall borrow it at 6 percent, the man in North Dakota at 10 or 11 percent, and the man in Louisiana at 8 percent.

Mr. LOGAN. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LOGAN. The Senator from Louisiana suggests that if there is a reconsideration of the vote by which the amendment was rejected he will then offer to change the amendment and make it 6 percent. What I should like to know is whether or not there is anything that will prevent the Senator from Louisiana from offering an amendment now making the rate 6 percent, without a reconsideration at all.

Mr. LONG. I can do that; can I not, Mr. President?

The PRESIDING OFFICER. That would be in order.

Mr. LONG. Then, I will withdraw my motion to reconsider, without prejudice; and I now offer an amendment, in line 10, page 25, to strike out the words "the same rate as the mortgage or other obligation taken up", and in lieu thereof insert the words "a rate not to exceed 6 percent per annum."

The PRESIDING OFFICER. The Senator from Louisiana withdraws the motion to reconsider, and offers an amendment. The question is on agreeing to the amendment offered by the Senator from Louisiana to the amendment of the committee.

Mr. LONG. Mr. President, in line with what has been suggested by my distinguished colleague from Kentucky [Mr. LOGAN], I have made this amendment provide for 6 percent. That is enough; 6 percent is plenty; that is all it ought to be. We made the farm-mortgage rate 5 percent, and we certainly ought not to make this to exceed 6 percent. My amendment would allow them to charge not to exceed 6 percent per annum.

Mr. BLACK. Mr. President, I am thoroughly in sympathy with the idea that there should not be a higher rate of interest charged for Government money in one State than in another. I call the Senator's attention to the fact that under the amendment he has now proposed the corporation might still charge 5 percent in one State and 6 percent in another. If the Senator will simply make his amendment provide for a rate of interest which shall be uniform throughout the country, but which shall in no event be greater than a certain amount, he would cover the situation.

Mr. LONG. I am willing to modify the amendment to that extent so as to read:

A rate of interest which shall be uniform throughout the United States, but which in no event shall exceed 6 percent per annum.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Louisiana, as modified, to the amendment of the committee.

Mr. BULKLEY. Mr. President, this subject has been pretty fully discussed. The amendment as now offered does not seem to me to present the same dangers presented by the amendment carrying 5 percent. I do not think it is free from danger; I think it is a matter which ought to have further consideration, and that there ought to be further opportunity to find out how dangerous it is. With that

statement I am willing to accept the amendment as offered, and hope that the conferees will consider carefully whether such an arrangement is justified.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG] to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. TRAMMELL. Mr. President, I desire to propose an amendment to the committee amendment.

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. There is proposed to be added a new section, as follows:

On the board of directors of the Federal home land banks, the Home Owners' Loan Corporation, and the Federal savings and loan associations, the Federal Home Loan Bank Board shall name such number of the directors as is equal to the proportion of the total as the capital paid-in stock of the Government bears to the total of all paid-in capital stock.

Mr. TRAMMELL. Mr. President, I offer this amendment for the purpose of giving the Government representation on the board of directors of these different agencies set up by the bill and also set up by the original Home Loan Bank Act.

At the present time, under the original Home Loan Act, the Government, although it has paid in more of the capital, as far as the cash contribution is concerned, than the other members of the organization, has no representation whatever upon the board of directors.

I should like to know where we could find a set of business men anywhere in this country who would contribute a greater proportion of the cash capital for a corporation than did other stockholders, and have no representation upon the board of directors.

The object of the amendment is to provide that if the Government has paid in $200,000,000 toward the capital stock of the corporation and other stockholders have paid in only $1,000,000 toward the capital stock, the Government shall have something to do with the management and the direction of the institution. It is upon a fairer basis, it is upon the basis of the amount of the paid-in capital stock of the Government, through the Reconstruction Finance Corporation, in proportion to that paid in by the other stockholders. It seems to me it is a very reasonable proposition.

Mr. BULKLEY. Mr. President, I desire to make sure that I understand the amendment. The Senator intends that the Home Loan Bank Board shall name directors of the home loan banks and of the Federal savings and loan associations in the same proportion the Government capital bears to the total capital?

Mr. TRAMMELL. That is the idea.

Mr. BULKLEY. I see no objection to that, but in the amendment as submitted by the Senator there is reference also to directors of the home owners' loan corporation. The bill provides that the directors shall be the Home Loan Bank Board, so if the Senator will eliminate that from the amendment, I shall see no reason for not accepting it.

Mr. TRAMMELL. I wrote that in for the reason that I was not sure whether it was contemplated there should be a board separate for that organization. I modify my amendment by striking out the reference to the Federal home loan corporation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment of the committee.

The amendment to the amendment was agreed to.

Mr. FESS. Mr. President, before we vote on the bill, I should like to ask the Senator in charge of the bill a question.

As written here, the bill provides that the home owners' loan corporation shall be an instrumentality of the Government, and then there is authorization that it may issue $2,000,000,000 of bonds, and a provision that interest is guaranteed by the Government. Would the purchaser of one of the bonds have any basis for stating that the bond was a Government bond, guaranteed by the Government?

Mr. BULKLEY. In my opinion, he would not, and I think any reasonable precaution ought to be taken against that. Has the Senator any suggestion?

Mr. FESS. We wrote a provision in the Home Loan Act that the bonds must state that they were not Government obligations. It was stated that that might destroy their marketability, but I feared that if such a provision were not written in some might be misled.

Mr. BULKLEY. The bonds might be given a marketability to which they were not entitled.

Mr. FESS. Yes. What I wanted was the Senator's statement, so that there might be no misunderstanding, when these bonds are offered for sale, as to whether they are Government obligations or not.

Mr. BULKLEY. As I understand it, the intent of the measure is that the Government shall guarantee the interest until maturity, and no more interest and no principal whatever.

Mr. FESS. And no purchaser of the bonds would be purchasing Government bonds?

Mr. BULKLEY. He would not.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

Mr. TRAMMELL. Mr. President, I offer an amendment, on page 18, line 24, to strike out "$25,000" and to insert in lieu thereof "$15,000." Very briefly, this amendment seeks to limit the so-called "home loan" to $15,000 upon one piece of property instead of $25,00. I think $15,000 would probably be enough, but, in view of the fact that the attitude of the chairman of the committee and some other Senators is that there will not be sufficient funds for a spread to reach any great number of home owners in taking care of their mortgages, I believe that we should reduce the maximum so that we may increase the opportunity and assurance that people who live in homes of the value of $20,000 may still have available to them this character of loan, and may enlarge the opportunity to obtain loans on the part of the owners of five and ten thousand dollar homes and even of $3,000 or $1,000 homes. As a rule, the person who lives in the humble cottage or the medium-priced home needs assistance and the beneficent aid of the Government more than does the person who lives in a $25,000 or a $30,000 or a $50,000 home. I should like to have the limitation maximum reduced to $15,000, because I think there would thereby be a greater spread.

Mr. BULKLEY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Ohio?

Mr. TRAMMELL. I yield.

Mr. BULKLEY. I want to inquire whether the committee amendment has not already been agreed to.

The PRESIDING OFFICER. The committee amendment has been agreed to, and, under the parliamentary situation, the amendment of the Senator from Florida is not now in order unless the vote by which the amendment was agreed to shall be reconsidered.

Mr. BULKLEY. I will ask the Senator from Florida to let the amendment go, under the circumstances. The bill as it passed the House provides for a $15,000 limit, and the issue which the Senator from Florida now raises will be before us in conference anyway. Many Members have urgently wanted a higher limit. I think if the Senator will let us consider the matter in conference, it will have fair consideration.

Mr. TRAMMELL. I gladly yield to that suggestion. I had noticed that the other House placed this restriction on the bill, providing a maximum of $15,000.

Mr. BULKLEY. That is correct.

Mr. TRAMMELL. As suggested by the Senator from Ohio, the matter will be in conference anyway, but I wish to make clear that, so far as my own preference is concerned, it is that the maximum should not exceed $15,000.

The PRESIDING OFFICER. The question is, Shall the amendment be ordered engrossed and the bill read a third time?

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read three times, the question is, Shall it pass?

The bill was passed.

Mr. BULKLEY. Mr. President, I move that the Senate insist on its amendment, ask for a conference with the House on the bill and amendment, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BULKLEY, Mr. WAGNER, and Mr. TOWNSEND conferees on the part of the Senate.

REGULATION OF BANKING—INSURANCE OF DEPOSITS

Mr. VANDENBERG. Mr. President, I desire to submit a brief comment on the bank bill conference which is now in progress.

I understand that the Treasury Department, and perhaps even higher authority, recommended the rejection of the amendment which the Senate adopted to provide for immediate deposit insurance open to all Federal Reserve member banks and to all State banks which are qualified as solvent by the State banking authorities.

I do not care to go into the merits of the matter. I do want to comment on the attitude of the Treasury Department, because it is utterly inconsistent with the Treasury's own attitude respecting this same subject within the past 2 weeks, and I want to lay down a plain warning, that we shall have to have an explanation of the proposition which came from the Secretary of the Treasury 2 weeks ago if it shall now develop that the thoroughly limited proposition upon which the Senate agreed is to be rejected upon the Treasury's recommendation.

I remind the Senate that on May 19—and I am reading from the Washington Times—the Secretary of the Treasury proposed "a sweeping proposal for the guaranty of all bank deposits during the period of economic emergency."

I quote further:

> Machinery for the protection of depositors' funds would be administered by the Reconstruction Finance Corporation. The guaranty would be effective immediately.

Mr. President, I call the Senate's attention to the fact that within the past 2 weeks the Secretary of the Treasury has appeared before the Senate Committee on Banking and Currency proposing not a limited insurance, such as is included in the amendment which the Senate adopted, but a complete, 100-percent guaranty.

What is the difference between the proposal which the Senate passed and the proposal which the Secretary of the Treasury submitted? As nearly as I can discover, the difference is that the Secretary of the Treasury proposed to charge the entire hazard against the Public Treasury and against the taxpayers of the United States, whereas the formula which the Senate has approved requires a primary bank contribution and a primary bank responsibility behind the insurance. In other words, the Secretary of the Treasury is in no position to complain that the limited insurance proposed by the Senate is in any degree a hazard to the public credit when he himself, within the past 2 weeks, proposed four times as much of a charge against the public credit in this connection.

There is utterly no reason in consistency or rational attitude for the recommendation which is made to the conference by these higher authorities against the acceptance of the amendment for immediate-deposit insurance which the Senate has approved.

SECRETARY WOODIN'S STATEMENT AS TO MUSIC

Mr. LONG. Mr. President, it will be remembered by the Senate that in the closing days of Mr. Hoover's administration he advised the American people that it would be well if someone would write a poem that would inspire the country. I now have in my hand a message from Mr. Woodin, who suggests that if someone would inspire us with music it might bring the country back on its feet. I send this article to the desk and ask that it may be incorporated in the RECORD, and that the clerk may read the first paragraph down to the point I have marked.

The PRESIDING OFFICER. Without objection, the clerk will read the first paragraph of the article down to the point marked, and the remainder of it will be printed in the RECORD.

The legislative clerk read as follows:

> SYRACUSE, N.Y., June 5.—America, "unafraid and invincible", needs music more now than ever to stimulate courage, said William H. Woodin, Secretary of the Treasury, speaking at the sixty-second annual commencement at Syracuse University.

The remainder of the article is as follows:

> Dwelling for a moment on things financial, he said:
>
> "Fear, far more than any other thing, has been responsible for the failure of financial institutions. Fear spreads like forest fire, and many of the runs upon banks have been wholly unwarranted and entirely results of fear, the father and mother of panic. When a man draws his account from the bank and sticks it in a safety-deposit box or an old teapot for security, he does so because of fear; and buried money will not come out of hiding until full faith in the future is restored and the destructive hysteria or fear is turned into confidence."
>
> Some other high lights of the address:
>
> "Precisely as a small boy whistles instinctively to keep up his courage, so are we all crying for something to bring about confidence and to displace the absurd hysteria of fear which in the last few years has made men and women avoid great human responsibilities which these dynamic times demand.
>
> "Vibrations of fine music put mysterious initiative, resolution, and courage into the normal individual."
>
> Upon his arrival, Mr. Woodin was asked about unofficial rumors that he might resign.
>
> "I don't mind that a bit", he said. "I'm used to being asked that; but I have no statement to make, particularly today." Later he amplified this. "As I was leaving the President's room—he knew I was coming up here—he said: 'Will, you can tell them for me that when I get myself in trouble I always whistle a tune.'"
>
> "Isn't the harmony of the spheres more audible now than it was a year ago?" he was asked. "Some harmony is; but don't try to take me out of my sphere for the day", he replied.

INCOME TAXES—LETTER OF DR. LINSLY R. WILLIAMS

Mr. COPELAND. I have received a very interesting letter from Dr. Linsly R. Williams, of New York, relating to the income taxes. I ask that it may be printed in the body of the RECORD and referred to the Committee on Finance.

There being no objection, the letter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

NEW YORK, *June 1, 1933.*

Hon. ROYAL S. COPELAND,
Senate Office Building, Washington, D.C.

DEAR SIR: For a number of years I have been deeply interested in the subject of taxation and particularly in the Federal income tax. I have written a number of letters to the Secretary of the Treasury and Members of Congress, criticizing the inequalities of the present tax law.

There has been an insistent demand on the part of many people that Congress should soak the rich, and in an endeavor to secure a larger amount of tax from the larger incomes there has been added from time to time a surtax and also a tax on capital gains, to prevent people from becoming too rich. It has been held by a former Secretary of the Treasury that a capital gain was income and that a tax on dividends from stock corporations was double taxation, but he and many others approved of the surtax, which was also a double tax.

To demonstrate the inequalities and injustice of the present Federal income-tax law, based on the tax for the year 1932, I would cite the following:

Case 1. A professor, 45 years of age; has practically no savings; has wife and two children; receives a salary of $7,000 a year. This professor paid a tax of $148.

Case 2. A spinster, 60 years of age; received a trust from her father, all of which is invested in preferred and common stocks, amounting to about $200,000. She has no dependents. She paid no tax on her income, but paid a surtax of $10.

Case 3. A retired business man of 65, invested all his savings, amounting to a little over $300,000 in Federal, State, and local tax-exempt bonds; has no dependents; his income for 1932 was $14,000. He paid a tax for 1932 of $140.

Case 4. An active business man who has a large fortune invested in securities of a marketable value of over thirty million, had an income during 1932 of over one million; at the end of the year he sold a considerable number of securities and under the law claimed a loss of over a million dollars. He paid no tax.

Very few people have taken cognizance of the fact that instead of soaking the rich, the present Federal income-tax law favors the rich in many instances, although many of them do pay enormous sums, especially in good times.

No doubt there will be many suggestions made for changes in the tax law, and I should strongly recommend that very earnest consideration be given to the following:

1. That the tax at the present rate of 13½ percent on the profits of stock corporations be abolished and there be substituted a 1 percent excise tax on the gross sales of the corporation, and that the recipient of the dividends pay the tax, instead of the corporation.

2. That steps be taken to discontinue the exemption of Federal, State, and other local and municipal bonds by constitutional amendment, if necessary.

3. That the capital gain and loss clauses be abolished and that capital gains be taxed at a rate of 5 percent and not considered as income, but all receipts from this source be placed in the sinking fund.

4. That the Government depend more on excise taxes, lower the rate of tax on the smaller incomes, and maintain the higher rates on large incomes.

If these amendments were adopted, the distribution of the tax would be more fair and the Government would receive a far larger income.

Very truly yours,

LINSLY R. WILLIAMS.

AMERICA—ON THE SEA AND IN THE AIR—ADDRESS BY ALFRED E. SMITH

Mr. COPELAND. Mr. President, the Senator from Georgia [Mr. GEORGE] has introduced and secured the passage of a joint resolution providing for the designation of a National Maritime Day. I have here a very illuminating address by the Honorable Alfred E. Smith on the subject of America—On the Sea and in the Air. I ask that it may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

It is a pleasure for me to cooperate with the men interested in furthering the cause of the American merchant marine in the celebration of a National Maritime Day. I can make no claims to a sea-faring youth, but ships and the meaning of ships were things not unknown to the youth of my generation which enjoyed playtime adventures along the docks of the East River years ago. We saw ships there in those days. I remember that they entered in a very useful and practical way into one of my favorite sports. That sport was the using of the bowsprit of a ship as it overhung a dock as a sort of trapeze. There was one very interesting lesson about shipping which I learned in my search along the docks for a bowsprit to be used as a trapeze. The boats that were loaded were the ones to look for. A boat without cargo rode so high that it was impossible for us youthful trapeze artists to reach the bowsprit. The trick was to find either those which had not yet been unloaded or those which had been loaded preparatory to clearing for sea again. We came to know those ships which came in well loaded and those which, loading and unloading, made a quick turn-around. We came to see from our own viewpoint that cargo was an important factor in shipping.

We have a habit, however, of forgetting the lessons of the past. There was a very important lesson concerning shipping which was taught us as a result of the World War. When we went to war in 1917 we were woefully lacking in ships.

A merchant-marine and an air-transportation system play an important part in the scheme of national defense.

In case of a war where we are involved it is of invaluable assistance to have an adequate merchant marine for the transportation of troops and supplies and for use as auxiliary armed cruisers. The personnel is also of the greatest utility in furnishing the Navy a proper reserve of men trained in the ways of the sea.

In event of a war, such as the beginning of the Great War in 1914, a merchant marine is of equal use in assuring us of transportation for our products in keeping up our foreign trade. We had but 17 ocean-going vessels available in 1914; and when ships of the other countries that had been carrying more than 90 percent of American exports were withdrawn for use by their own countries, millions of dollars were lost by American farmers and manufacturers through inability to get shipping for their products).

As a result of our unpreparedness, we spent 3½ billion dollars through the Shipping Board, building 2,300 ships, which, as usual when things are done that way, resulted in the waste of hundreds of millions in the building and the waste of most of the balance in the end as the ships were entirely unsuited for commercial traffic in peace time. Some of our rivers have been clogged for years by the hundreds of ships moored in them, useless for anything except scrap.

And here is what this error of our ways really cost us:

Building program, $3,500,000,000.

Annual interest on the bonds put out to finance the building, $100,000,000.

More than a hundred million dollars loss to American farmers and manufacturers through inability to export their products.

The Jones-White Act of 1928 provided for Government loans to companies at low rates of interest to build ships and 10-year mail contracts on a basis that would enable them to be operated successfully upon American wage and living standards.

Owing to American wage scales and living standards, it costs more to build ships here than abroad and it also costs more to operate them. As a result of the Jones-White Act, in the past 5 years American ship lines have constructed 42 fine new ocean-going vessels costing more than a quarter of a billion dollars, giving employment during the depression to thousands of workmen. In these same 5 years, private initiative, backed by intelligent legislation, has added a new arm to American consumers with a national system of airways between this country and the markets of 32 nations. Today this merchant marine of the air has attained world leadership. Our aircraft factories are building a fleet of flying clipper ships, the largest merchant aircraft to hold this supremacy and to win for America its rightful place on the fast-developing trade airways of the world.

We have put the American flag back upon the world's main trade routes and created a reservoir of men and ships available for national emergency. It is the duty of every American to remember that now that we have at last consolidated our position again on the high seas—an achievement in which he has a direct and personal interest—that he must lend his support and patronage to his country's shipping.

In the North Atlantic trade, which is the most active in the world, of the 20 or 25 percent of the passengers who are foreigners, the proportion selecting American steamers is almost negligible, while of the remaining 80 or 75 percent, who are Americans, more than half use foreign vessels. In short, the German, French, and British steamers are invariably selected by their citizens, yet Americans are the chief support of these foreign-owned lines to the neglect of their own. The results of this neglect are not often felt at once, but in the long run they will rise up as a damper on export trade and an actual threat to security in case of war or other national emergency.

We have a half-billion-dollar annual bill for marine freight and passenger service which the American public pays. Of this amount, fully two thirds goes to foreign shipping, and the bulk of this share, estimated at 85 percent, is not spent in this country. In other words, upwards of 60 percent of the amount we pay for shipping service in the international trade leaves our country and is spent abroad. Add this sum to our national income, and thousands of Americans could be put to work.

The statistics here given are intended to awaken lively interest in our merchant marine on the part of our citizens. It means much to the country, adds materially to our prosperity, should be a large part of our national concern for trade both at home and abroad, and let us hope that this celebration of Maritime Day may influence all who can be brought within our influence to the end that this important national and business question be the concern of all our citizens.

REPORT OF INDUSTRIAL CONTROL AND PUBLIC WORKS BILL

Mr. HARRISON. From the Committee on Finance, I report back favorably, with amendments, the bill (H.R. 5755) to encourage national industrial recovery, to foster fair competition, and to provide for the construction of certain useful public works, and for other purposes, and I submit a report (No. 114) thereon.

The PRESIDING OFFICER. The bill will be placed on the calendar.

Mr. HARRISON. May I say that I hope we can have this measure up tomorrow?

Mr. LONG. Mr. President, I desire to ask if the report just submitted by the Senator from Mississippi [Mr. HARRISON] is on the public construction bill?

Mr. HARRISON. It is.

Mr. LONG. I want to say that I hope the Senator from Mississippi will not try to bring that bill up tomorrow, because I have not been able to tell just what tax schedule some of us desire to propose. There are several of us who wanted to prepare and offer an amendment to the tax schedule which will be embraced in the bill.

Mr. ROBINSON of Arkansas. The Senator will have an opportunity to do that.

Mr. HARRISON. The tax features come last in the bill. I am sure the Senator from Louisiana will have ample opportunity while the bill is under discussion to study that feature of the bill.

Mr. McNARY. Mr. President, I understand the report submitted by the Senator from Mississippi is on the so-called "industrial recovery bill"?

Mr. HARRISON. It is on the so-called "industrial recovery bill".

Mr. McNARY. May I suggest to the Senator from Arkansas and to the Senator from Mississippi that the consideration of the bill go over for 1 day; that is, until Wednesday next?

Mr. HARRISON. Mr. President, I am not asking that it be considered now. I am merely submitting the report, so that it may be printed.

Mr. McNARY. I appreciate that, but I should like to continue my suggestion that we may have an understanding this afternoon that the bill shall go over for 1 day, until Wednesday. It is the most important proposal in the nature of legislation that has ever been presented to this or any other Congress. I desire to have a conference of the Republican minority on the measure. We should at least have a day to study the bill. That is a very fair request. Tomorrow let us take up the calendar and the conference report on the gasoline tax bill. Cleaning up the calendar and getting through with the conference report will probably fully occupy the time tomorrow, and then on Wednesday we may start in on a proper and intelligent consideration of the public works and so-called "industrial recovery" bill.

If we may have that understanding, we can take a recess at this time and come here prepared tomorrow to make a study of the bill and get through with the pending business, as I have suggested, or any other that may occur to the able Senator from Arkansas.

Mr. HARRISON. May I say to the Senator from Oregon that the Committee on Finance has been working night and day on this measure in order to report it to the Senate as quickly as possible? It is a measure of many angles and it is important in character. I have not any desire to project the measure unnecessarily or to have it considered hastily, but I do hope that we may secure consideration of it as quickly as possible and come to a definite conclusion. I shall abide by the wishes of the leader on this side with reference to taking the bill up Wednesday or tomorrow. I do, however, want it to be taken up as speedily as possible.

Mr. McNARY. I desire to cooperate, may I say to the Senator, in the matter of securing early consideration of the bill; but I am sure, in the interest of expedition and fairness to every Member of the Senate, we should have one day in which to study the bill and the report on it. That is my only reason for suggesting that we have an understanding that the bill shall not be brought up until Wednesday.

Mr. ROBINSON of Arkansas. Mr. President, the request of the Senator from Oregon is reasonable. The only consideration that causes me to hesitate at all to grant his request is the fact that is well known that it has been hoped the present session might be concluded at the end of the current week. In view of the importance of the bill, I can conceive that it might conserve time to let it go over until Wednesday morning; Senators will be afforded an opportunity of familiarizing themselves with it; and, in view of the very gracious spirit manifest by the Senator from Oregon and the cooperation he has given and is giving in connection with the disposition of legislation, I shall make no objection to his request.

It is my intention to move an adjournment in order that we may have a morning hour tomorrow. I understand that the arrangement suggested is satisfactory to the Senator from Mississippi.

Mr. HARRISON. It is entirely satisfactory to me. I merely want to give notice that, following the morning hour, I shall move to take up the conference report on the bill involving the tax on electrical energy.

Mr. ROBINSON of Arkansas. I also suggest that if there be other conference reports, Senators in charge of them may be prepared to present them, as in all probability ample opportunity will be afforded tomorrow for their consideration.

WHEN WAR CAME TO THE INDIAN—ARTICLE BY P. F. BYRNE (S.DOC. NO. 68)

Mr. FRAZIER. Mr. President, an article was sent to me a few days ago which is entitled "When War Came to the Indian—a Chapter of Neglected Truth in American History", by Mr. P. E. Byrne, of Bismarck, N.Dak. Mr. Byrne is an attorney there. He was secretary to former Governor Burke, and has made a deep study of the Indian question. He has written a great many articles on it. The article to which I now refer was published in the North Dakota Historical Quarterly by the State Historical Society of North Dakota. I referred the article to the present Commissioner of Indian Affairs, Mr. Collier, for his opinion, and he writes a letter commending it very highly and suggesting that it be printed as a Senate document.

It is an important article. The so-called "Custer massacre" has for years been greatly exaggerated and misrepresented by historians, and I believe that this little article, which I consider authentic, would do a great deal to correct the false impression that has been extant during all these years. It has been charged against the Sioux Indians that they massacred Custer's army. I believe the situation was that the Indians outgeneraled those in command of the forces of the United States.

I ask unanimous consent, Mr. President, to have this article printed as a Senate document and that the letter from the Commissioner of Indian Affairs may be printed as a preface to the Senate document.

The PRESIDING OFFICER. Without objection, it is so ordered.

ADJOURNMENT

Mr. ROBINSON of Arkansas. I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 15 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, June 6, 1933, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

MONDAY, JUNE 5, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Blessed Father in Heaven, for this radiant daylight hour we thank Thee for the marvelous revelation of Thy infinite self in the open book of nature. In Thy handiwork we see universal love and disinterested affection. Thy gracious gifts are not doled out to a selected few, but for the wide world's comfort and happiness. Thy sun shines upon the just and the unjust; the poor man is blest equally with the rich man; selfishness receives as much as benevolence. We praise Thee, merciful God, that from Thy throne there gush forth the streams of love which flow for all men. Thy kindness is universal and Thy forgiveness disinterested. We praise Thee that Thy sympathy, Thy kindness, and Thy generosity move over us like the glory of a summer sky, overflowing in countless treasure. Oh, may they all come to us with the gentle voice, namely, "Come unto Me all ye that labor and are heavy laden, and I will give you rest." Amen.

The Journal of the proceedings of Saturday, June 3, 1933, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment a joint resolution of the House of the following title:

H.J.Res. 192. Joint resolution to assure uniform value to the coins and currencies of the United States.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 1815. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Owensboro, Ky.

CALL OF THE HOUSE

Mr. SNELL. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] Evidently there is no quorum present.

Mr. COLLINS of Mississippi. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.